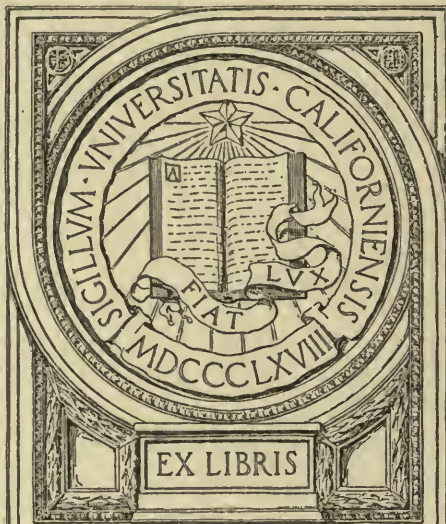


UC-NRLF



\$C 18 377

GIFT OF



EX LIBRIS



Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation

<http://www.archive.org/details/bethlehemsteelco00bethrich>

The Bethlehem Steel Company

Appeals to the People

against the proposal to
expend \$11,000,000 of
the people's money for

A Government Armor Plant

UNIV. OF
CALIFORNIA

Republished by

Good
Bethlehem Steel Company

South Bethlehem, Pa.

V923
B3

TO THE
UNITED
NATIONS

Contents

Part I

Introduction.....	Page 7-8
The President of the Bethlehem Steel Company Appeals to Congress for a Square Deal.....	9-14

BULLETINS, SERIES 1

Our Position.....	14
No. 1. Why Should Government Money be Spent for an Armor Factory.....	15
No. 2. Armor Manufacture—Private or by Gov- ernment—A Question of Price.....	16
No. 3. Is This the Time to Start a Government Armor Plant?.....	17
No. 4. Bethlehem Profits and Policies in Armor Contracts.....	18
No. 5. Is Government Manufacture of Armor for Battleships Wise?.....	19
No. 6. Should the Government Destroy Private Armor-making Industries?.....	20
No. 7. Three Misconceptions About the Bethle- hem Steel Company.....	21
No. 8. What National Advantage Do Private Armor Plants Serve?.....	22
No. 9. A Mistake in the Policy of the Bethle- hem Steel Company.....	23
No. 10. What Would It Cost the U. S. to Manu- facture its Own Armor?.....	24
No. 11. What Is the Ultimate Purpose of a Government Armor Plant?.....	25
No. 12. Why We Offer to Reduce the Price of Armor Plate.....	26

BULLETINS. SERIES 2

No. 1. The Bethlehem Steel Company's Offer to the U. S. Government.....	27
No. 2. Why We Are Opposing a Government Armor Plant.....	28
No. 3. How the U. S. Gets the Best Armor for Its Battleships.....	29
No. 4. Can the U. S. Government Save Money by Making Its Own Armor?.....	30
No. 5. Why Not Face the Facts About Armor Competition.....	31
No. 6. Aren't the People Entitled to Know the Facts?.....	32

No. 7. The Bethlehem Steel Company's Offer to Serve the United States.....	Page 33
No. 8. Shall the Nation's Welfare Wait on Ex- periments in Government Ownership?.....	34-35
No. 9. Privately Owned Factories Will Save the Nation.....	36-37
No. 10. Selling Armor in Europe Cheaper than in the United States.....	38-39
No. 11. Some Questions Asked of Bethlehem Steel Company.....	40-41
No. 12. Why Armor Manufacturers Have Not Shown Their Books.....	42-43
No. 13. Existing Armor Plants Able to Obtain Ample Ore in Case of War.....	44-45
No. 14. What Can We Learn from England About Armor Plate Manufacture....	46-47

A SERIES OF ADVERTISEMENTS

Inserted in 3,257 City and Country Newspapers

A Mistake in the Policy of the Bethlehem Steel Company.....	48
Why We Are Opposing a Government Armor Plant.....	49
Why Not Face the Facts About Armor Compe- tition?.....	50
The Bethlehem Steel Company's Offer to Serve the United States.....	51
Suppose This Was Your Business!.....	52
Aren't the People Entitled to Know All the Facts?.....	53
Statement from Eleventh Annual Report Beth- lehem Steel Company.....	54-56
Remarks of Charles M. Schwab to Stock- holders of Bethlehem Steel Company, April 4, 1916.....	57-59
Statement by Eugene G. Grace to House Com- mittee on Naval Affairs, March 22, 1916.....	60-62
Letter to Chairman of Senate Committee on Naval Affairs, June 19, 1916.....	63-71
No Danger to Ore Supply of Private Armor Plants, Charles M. Schwab's Letter.....	72-73
What Six Members of Congress Say.....	74

Contents—CONTINUED

Part II

What People Are Thinking—Editorial Comment by the Press

	Page		Page
Alabama	3	New Hampshire	32
California	4	New Jersey	33
Colorado	5	New Mexico	34
Connecticut	6	New York	35-41
Delaware	7	Ohio	42-43
District of Columbia	8	Oregon	44
Georgia	9-10	Pennsylvania	45-50
Illinois	11-14	Rhode Island	51
Indiana	15-16	South Carolina	52
Iowa	17-20	South Dakota	53
Kansas	21	Tennessee	54
Maine	22	Texas	55
Massachusetts	23-26	Vermont	56
Michigan	27-28	Virginia	57-58
Minnesota	29	Washington	59
Missouri	30	West Virginia	60
Nebraska	31	Wisconsin	61
National	62-66		

Our Case In Brief

To the Members of Congress:

The following pages contain the case we have attempted to make against a Government armor plant.

We have sought to bring that case to the attention of the people and the people's representatives in Congress in the form of statements to Congressional Committees, reports to our own stockholders, public statements to members of Congress, and advertisements published in newspapers throughout the United States.

The case in brief is this:

Things Not True

1. **It is not true** that we have threatened to raise the price of armor if the Government plant is authorized.
2. **It is not true** that we have made a policy of selling armor abroad cheaper than in this country.
3. **It is not true** that we have refused to show our books to the Government.
4. **It is not true** that manufacturers have combined to suppress competition; the Government's own policy has prevented competition.
5. **It is not true** that we have charged excessive prices for armor.

Things True

1. This country has the best armor in the world.
2. This country has for **twenty years** paid less for armor than any of the great naval powers.
3. By encouraging the maintenance of a private armor-making capacity in excess of the ordinary requirements of the Government, an important reserve factor in case of need is assured.

To Sum Up

No matter what may be said on these or other less important points,

We offer to make armor for the United States—

Of a **quality** to be determined by the Navy Department, and

At a **price** to be fixed by the Federal Trade Commission.

Why then **waste** \$11,000,000 of the people's money—

When the lessons of the war are still to be learned;

When Government expenses are already so enormous; and

When no real inquiry has been made to ascertain whether or not the Government would not actually lose money through a Government plant.

We feel that our case is a sound one.
At any rate we have presented to the
Government as fair and businesslike a
proposition as we know how to phrase.

Bethlehem Steel Company

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

The President
of the
Bethlehem Steel
Company
Appeals to Congress
For a Square Deal

"I will challenge anybody to say that any representatives of the Bethlehem Steel Company have ever been in Washington attempting to influence

The President of the Bethlehem Steel Company Appeals to Congress for a Square Deal

legislation as to the size of naval or military program.
That is not our business.

“Our business is to serve the United States Government just as they elect what they want to buy; but I will challenge anybody to ever say that we were down here lobbying and saying, ‘We wish you would build three battleships this year instead of two, so that we can get more business.’

“I am getting sick and tired of hearing and having inferences put out against us here in Washington, that by taking the plants away from private capital they will destroy one of the largest incentives for us to go into war with some foreign country.

“It is the most absurd and poppy-cock thing I have ever heard of to think that, as citizens of the United States, because we have investments made in ordnance plants, we would advocate this country going into war so we could get business. In times of peace we have never attempted to influence the size of the programs which have come out of the National Congress.

“That is your business, gentlemen, and not ours. We are here to serve you when you have decided what you want. Please do not cast any such reflections on us.

“It is unfair.

“If you will go through the whole history of the armor-plate business of the United States Government, you will find that it has always enjoyed a lower price than any big naval power on the other side has ever enjoyed.

“I think it is admitted that the United States to-day is getting the

The President of the Bethlehem Steel Company Appeals to Congress for a Square Deal

best armor in the world. I have never seen that statement controverted.

“Our friends in the Senate have never controverted it and the Navy Department has never controverted it.

“I know in our competitive tests we are called upon to meet severer specifications for supplying this country with armor than exist in any country of the world.

“What has been the policy of England, France, and Germany—the people who have built up and make a study of militarism all their lives?

“It has been their policy to work with private capital and to assist it.

“The result comes out very clearly, that the Kaiser would not be in his present position to-day if he had not worked hand in hand with private capital invested in ordnance manufacturing plants in his country.

“Do not put us out of business. We only want to live and live fairly.

“Take your own Government body, the Federal Trade Commission, that has been created for the purpose, and let them investigate our conditions; let them say what is right and proper.

“Do not put us out of business when you have to-day this ambitious program before you.

“We have created a capacity one-third greater than you need.

“Do not put us out of business. If you will show any one place in our records where this business has not

The President of the Bethlehem Steel Company Appeals to Congress for a Square Deal

been an open book continuously, as it must have been,
I will not make that request.

“Take the speeches over in the Senate, when somebody said there had been no information developed in all the investigations which have been made.

“There must have been information developed, or you would have had a Government armor-plate plant a long while before this.

“It has been continually investigated, and if they had found anything that was wrong you would have had your armor-plate plant before this time.

“What has been the situation ?

“They have investigated and investigated, and have found nothing wrong, nothing except merit in our side of the case; and—

If there ever was a case decided or a case that ought to be decided on its merits, it is this one, and if decided on its merits we have no fears.”

*From oral testimony of Eugene G. Grace, President of
the Bethlehem Steel Company, before Committee on
Naval Affairs, House of Representatives, March 22, 1916*

Issued by
Bethlehem Steel Company
South Bethlehem, Pa.

A PROPOSED WASTE

of

\$11,000,000

To Build A Government Armor Plant

*A Series of Statements to Congress
and the Public*

Issued by

Bethlehem Steel Company

South Bethlehem, Pa.

Our Position

To Members of Congress and the Public:

The Senate has passed a bill to construct an armor manufacturing plant at a cost of \$11,000,000 of the public's money.

The measure is now pending before the House.

The Bethlehem Steel Company has manufactured armor for the United States Government for twenty-nine years.

This Company recognizes its obligation in a matter affecting both national defence and national economy, to place its advice and experience at the disposal of the nation of which it is a citizen.

The Company has a duty to its stockholders to seek to conserve, if possible, an investment of over \$7,000,000 in its armor plant—an investment made at the behest of the Government, and which would be rendered valueless if a Government plant should be built.

This question should of course be considered in the broadest way; not with special regard for the Bethlehem Steel Company, or any other private interest, but with supreme regard for adequate national defense and sound public policy.

In order that all concerned may have the clearest, most concrete and definite information this Company can give on this question, so important both to the nation and to itself, the Bethlehem Steel Company is issuing a series of statements to Congress.

Twelve of those statements are reprinted herewith. They set forth certain essential facts.

Briefly, our position is that we have charged the Government a low price for armor in the past, and have derived little profit from that branch of our business.

We are so certain of this, and so certain that we have done and can do better for the Government than it can do for itself, that we have offered for the future to accept any price which the Federal Trade Commission shall decide to be fair alike to the Government and to ourselves.

Bethlehem Steel Company

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

South Bethlehem, Pa.
April 19, 1916.

Why should Government Money be spent for an Armor Factory?

To the Members of Congress:

March 25, 1916

The Senate has passed a bill to spend \$11,000,000 of the public's money to build an armor plant. The measure is now before the House of Representatives.

There can be only two possible reasons for such an expenditure:

- First** That existing private armor plants have insufficient capacity to supply the needs of the country; or
- Second** That a Government plant would produce armor at a lower price than must be paid to private manufacturers.

The Bethlehem Steel Company maintains that neither of these reasons prevails: Because

- First Capacity.** The three existing private armor plants, which are admittedly efficient, have a capacity of 32,000 tons a year. The estimated needs of the Navy for the next five years will call for only 24,000 tons a year—not enough to absorb the possible output of existing plants.
- Second Price.** The Bethlehem Steel Company has offered to manufacture one-third, or such additional quantity as may be awarded to it, of the armor-plate required for the contemplated five-year naval program, at a price of \$395 for side armor, as compared with the price of \$425 now obtaining. The proposed price is lower than has been paid by the Government for more than ten years.

If the foregoing price is not satisfactory, we will agree to permit any well-known firm of chartered public accountants or the Federal Trade Commission to inventory our plant and make careful estimates of the cost of manufacture; with that data in hand we will meet with the Secretary of the Navy and guarantee to manufacture armor at a price which will be itself quite as low as the lowest price at which the Government could possibly make it, taking into account all proper charges.

The Senate Bill contemplates a plant to make 20,000 tons a year, leaving only 4,000 tons above estimated needs to be made in private plants having 32,000 tons capacity and useless for any other purpose. The effect of building a government plant will be to kill the private industry: there would not be enough work for both Government and private plants.

Before the Senate Committee on Naval Affairs on January 25, 1916, Rear-Admiral Strauss, Chief of the Naval Bureau of Ordnance, gave this testimony:

Question by Senator Chilton: Admiral, what are the advantages, if any, to the Government in having three or more privately run plants, if the Government could get its armor plate at a fair figure?
 Admiral Strauss: There is no doubt that having munition plants of any sort actually being operated in the country is a valuable asset.
 Senator Chilton: Would it be on the whole better for this Government to have privately run plants, if they would furnish armor at a fair profit?
 Admiral Strauss: If the private firms will furnish armor at a fair profit and will continue to do so under all conditions, I see no especial advantage to the Government in going into the business.
 Senator Pittman: Admiral, is it only a question of price; is that the only question that is disturbing this Government?
 Admiral Strauss: I think so.

Existing plants are ample for all requirements; the price proposition which has been made assures to the Government every protection.

We therefore submit that the proposed plan is wasteful as an expenditure and unwise as a policy.

CHAS. M. SCHWAB, Chairman
 EUGENE G. GRACE, President

Bethlehem Steel Company

Armor Manufacture—Private or by Government—A Question of Price

March 28, 1916

To the Members of Congress:

The sole question involved in the scheme to spend \$11,000,000 to build a Government armor factory—and supplant the three existing private plants—is **whether by such method the people will save money.**

Rear-Admiral Strauss, Chief of the Naval Bureau of Ordnance, said, at a hearing before the Senate Committee on Naval Affairs on January 25:

"If the private firms will furnish armor at a fair profit and will continue to do so under all conditions, I see no especial advantage to the Government in going into the business."

There are several reasons why a Government plant would realize no advantage in price, namely:

First The United States is to-day paying \$425 a ton for armor, an amount substantially lower than is paid by Japan, Austria, Germany, England, or France.

England buys its armor from five privately owned plants, and is now paying \$503 a ton. Germany has two privately owned plants, and is paying \$490 a ton. Japan is the only country with a government plant, and yet armor costs her \$490 a ton.

The specifications in the United States are much more rigid and the wages paid are very much higher than those prevailing in any foreign country.

Second We now offer to make armor plate for the United States Government at \$395 a ton—a reduction of \$30 a ton, in spite of the fact that steel prices are continually going up, and are to-day much higher than for many years.

The proposed price is less than has been paid for armor by the United States in ten years, and we agree to accept this lower price for the next five years.

Since the War began we have been able to get in Europe almost any price we chose to ask for ordnance. We have during that period made no addition whatever to the selling price to the United States Government of any of the ordnance products which we manufacture.

Third If the foregoing price is not satisfactory, we will agree to permit any well-known firm of chartered public accountants or the Federal Trade Commission to inventory our plant and make careful estimates of the cost of manufacture; with that data in hand we will meet with the Secretary of the Navy and guarantee to manufacture armor at a price which will be itself quite as low as the lowest price at which the Government could possibly make it, taking into account all proper charges.

We make the foregoing proposition, rather than have our plant rendered useless.

We have invested over \$7,000,000 in that plant, as inventoried to-day, not taking into account large sums—certainly \$2,000,000—expended for plant and equipment abandoned because of becoming obsolete.

Our armor plant is useless for any other purpose. The United States is our only customer and if that customer is lost the plant becomes valueless.

Our offer in effect is to make armor for the United States at a price the Government itself shall name as fair.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Is this the Time to Start a Government Armor Plant?

To the Members of Congress:

March 30, 1916

It would require at least three years to build a plant ready to produce armor for battleships.

At a hearing before the Senate Committee on Naval Affairs on January 25, 1916, Rear-Admiral Strauss, Chief of the Naval Bureau of Ordnance, said:

"We estimated we would have the plant completed in three years from the time we were authorized to construct it. That estimate was made about a year ago, and undoubtedly now the time would have to be increased and the cost would have to be increased if the present prices and demand for all these materials remain as at present."

There is reason for very deliberate consideration of the proposal to build a Government armor plant; Because:

First A world war is on. That war has already taught many important military lessons. Its teachings as to naval warfare remain to be seen.

It may be that swift battle cruisers will prove more effective than dreadnoughts; if so, only one-third of the armor now estimated will be required. Other naval lessons of this war may be equally important.

Second The lessons of this war will surely become clear before the proposed Government plant could be ready. By the time it was ready, the problem it was created to solve might have completely changed.

The armor estimates for the next five years call for 24,000 tons a year. If battle cruisers supplant dreadnoughts, armor for the same number of ships could be supplied by 8,000 or 9,000 tons a year. Existing plants have a capacity of 32,000 tons a year.

Existing armor plants represent an actual investment of upwards of \$20,000,000. These plants are useless for any other purpose than making armor. The American Government is their only customer, and these plants came into existence solely to supply the needs of the American Government.

The Senate Bill to duplicate—and render valueless, these existing facilities would cost the people at least the proposed \$11,000,000 appropriation.

If the Government plant is completed, assuming that even its capacity will then be required, there will be no promise of effecting economies or obtaining results which cannot be realized without building a Government plant.

Existing plants can supply every need of the country for armor for at least five years to come, and they will supply it at whatever price the Government itself shall name as fair.

At a time when every problem of warfare is in the melting pot, when Government expenditures are necessarily so large, when new and added taxes are under consideration:—

Is it wise to spend \$11,000,000, when by such expenditure no saving can be realized which may not now, and with existing facilities, be guaranteed to the people?

Bethlehem Steel Profits and Policies in Armor Contracts

To the Members of Congress:

April 1, 1916

The Bethlehem Steel Company is solicitous that its position with reference to armor contracts with the United States Government be clearly understood. Essential facts are:

First We are urging no plan of preparedness. We have advocated no policy involving increased expenditures by the Government for any purpose.

We are attempting to show, in the frankest and most open manner, that it would be unnecessary and unwise for the Nation to spend \$11,000,000 to build a Government armor plant, because:

Existing facilities can supply every need, and,

The Government can buy armor at least as cheaply as it can manufacture it for itself.

Second If the United States should become involved in war or threatened war, the Government of this country can have any product we manufacture—armor plate or anything else—at any price it chooses to pay; and under such circumstances, and regardless of price, our entire plant will run 24 hours a day with every pound of energy behind it.

Third It has been stated that this Company has realized enormous profits from the manufacture of armor plate. The fact is that armor is the least profitable article we manufacture.

In our armor plant—which is useless for any other purpose—we have invested \$7,100,000. That same amount of money invested in a steel rolling mill would have earned profits of \$1,400,000 a year. Yet, that investment in armor plant has produced only average annual gross receipts of \$1,418,993

IN OTHER WORDS, THE SAME AMOUNT INVESTED IN A COMMERCIAL PLANT WOULD HAVE PRODUCED AS MUCH PROFIT AS THE TOTAL RECEIPTS (COVERING EXPENSES AND PROFIT) FOR ARMOR SUPPLIED TO THE GOVERNMENT.

Fourth The profits realized by this Company in 1915 were not from armor plate.

Our total sales in 1915 were about \$200,000,000, of which the gross amount received for armor plate amounted to but \$3,000,000—not two per cent of our total business.

At the present time we can obtain in Europe almost any price we choose to ask for our products; but we have not since the war began raised the price for any ordnance products to the American Government.

We now offer to reduce the price of armor plate for the United States from \$425 to \$395 a ton. The price paid now—\$425 a ton—is less than that paid by any great naval power.

It is said that if our offer is accepted, and the Government plant not built, the price of armor will soon begin “soaring.” That there is no danger of any such contingency, and as an earnest of our policy—

We will agree to make armor at the reduced price named, for at least five years; or

We will agree for an indefinite period to make armor at any price which the Federal Trade Commission may name as fair.

Is Government Manufacture of Armor for Battleships Wise?

To the Members of Congress:

April 3, 1916

Armor plate for our battleships is a vital factor in national defense. It is supremely important that its quality be the highest obtainable.

All the great naval powers of the world (except Japan, where there never was a private armor industry) have found it to their interest to utilize private rather than Government industries for this important product.

If the Government utilizes private plants to make its armor, it can exact conditions as to quality and obtain the benefit of economies, difficult if not impossible to realize in Government manufacture itself. Because—

First Government manufacture means one sub-department of the Government contracting with another, with no efficient means to enforce contracts either as regards time of delivery or quality of material.

There would under Government manufacture be a natural pressure and inclination to avoid the cost and delay of replacement of armor failing to meet exacting specifications, which, if purchased of private concerns, would be rejected without hesitation.

A few years ago the Bethlehem Steel Company lost 600 tons of armor—worth \$255,000—because it could not meet the rigorous tests. These are risks of manufacture which we maintain it is wiser to have private capital take than the Government.

Second It is more economical to operate an armor plant in connection with a commercial steel plant.

"The establishment and operation of an armor plant unconnected with other works would without doubt involve additional costs not included in the development of existing plants."—From Report in 1906 to Secretary of the Navy by Board of Naval Officers of which Capt. Kossuth Niles was Chairman.

Third In making armor, necessarily a substantial amount of the product is rejected as scrap.

In a private plant conducting other operations the discarded material can be saved; a Government plant would have to throw it away or enter into the business of selling scrap armor steel.

Two facts stand out—

First Armor privately made and subjected to rigid Government inspection and tests is certain to be of the highest grade; and

Second Private industry can effect economies impossible in a Government plant.

The United States have available three private armor plants, developed for the use of the Government and for no other purpose.

We offer to place all the cards on the table—to open our books to the Federal Trade Commission, and to put our experience, our facilities, and our economies at the service of the Nation upon such terms as the Government itself shall name as fair.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Should the Government Destroy Private Armor-making Industries?

To the Members of Congress:

April 5, 1916

In conducting the hearings recently held to determine the cost of manufacturing armor, Senator Tillman, Chairman of the Senate Committee on Naval Affairs, addressing the Vice-President of the Midvale Steel & Ordnance Company, said:

"If the Government enters into its own armor manufacture itself, it will destroy your business in that respect at least."

The three armor plants in this country came into existence to serve the United States Government, and for that purpose alone. The Bethlehem Steel Company invested over \$7,000,000 to this end.

Reporting to Congress, Hon. H. A. Herbert, then Secretary of the Navy, said in a communication dated December 31, 1896:

"The two armor contractors, the Bethlehem Iron Company and the Carnegie Steel Company, each invested a large amount of money in the plant necessary to manufacture armor. . . . It is also to be remembered that they both entered upon the business at the request of the Navy Department."

Is it wise—is it fair—for the Government to destroy a private industry brought into existence to serve the Government, unless for reasons of compelling force? We maintain that such reasons do not exist.

It is said that private armor makers have charged exorbitant prices.

The fact is that the United States has for twenty years paid less for armor than has been paid by any other great naval power.

Figures officially compiled for the Senate Committee on Naval Affairs from the Naval Year Book show that under conditions prevailing just before the present European war, the chief naval powers were paying these prices for armor: England, \$503 per ton; France, \$460; Germany, \$490; Japan, \$490; United States, \$425.

Reporting to the Secretary of the Navy in 1906, a Committee of Naval Officers headed by Capt. Kossuth Niles, said:

"In 1896 the prices in this country were closely on a par with those abroad. On all other contracts (since that time) this country has paid distinctly less than has been paid in any foreign countries for armor of equal quality."

Senator Tillman, Chairman of the Senate Committee on Naval Affairs, a strong advocate of a Government plant, in a public hearing on November 27, 1914, himself said:

"It would be very unfortunate for the [Midvale] company as well as for ourselves if we [meaning the Government] were to manufacture our own armor, because it would be much better if we should have the manufacturers supply the Government at a reasonable price."

To fulfill to a greater degree the conditions suggested by Senator Tillman, we have offered to reduce the price of armor by \$30 a ton below the price now obtaining.

The Secretary of the Navy has suggested that if this new price is accepted it will not be long before the price is once more "soaring." As an earnest of our policy with reference to that point:

We are prepared to manufacture armor for an indefinite period at any price which the Federal Trade Commission shall, after an examination of all the facts, decide to be fair.

If this proposition does not fully protect the Government we are willing to agree to any proposition which will do so.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Three Misconceptions About the Bethlehem Steel Company

To the Members of Congress:

April 7, 1916

The agitation for Government armor plants in the United States appears to be grounded upon three popular misconceptions:

Excessive Profits

First—That the American Government has been charged excessive prices for armor.

The fact is that for twenty years the United States has obtained a higher grade of armor and paid less for it than any other great naval power.

Data compiled for the Senate Committee on Naval Affairs showed that the following prices were being paid for armor, before the present war in Europe: England, \$503 per ton; France, \$460; Germany, \$490; Japan, \$490; the United States, \$425.

Wages paid in the United States are very much higher and costs here would naturally be greater. The fact is that the price charged is much lower.

Selling to Foreign Countries at Cheaper Price

Second—That American manufacturers have sold armor abroad at a lower price than they have charged the United States.

The Bethlehem Steel Company has since 1887 supplied to the United States 95,072 tons of armor at an average price of \$432.62 per ton.

During the same period its aggregate sales to foreign countries amounted to 5,331 tons—about six per cent of the total, and out of that amount 3,967 tons were sold at a higher price than was charged in the United States.

Three small sample lots—amounting in all to 1,364 tons—were supplied to Russia and Japan at prices lower than those then prevailing in the United States. Russia took all but twenty-five tons, and a few months later we were able to sell to Russia a new lot at a higher price than that prevailing in the United States.

Threat to Increase Price

Third—That a threat has been made to increase the price of armor plate \$200 a ton if a Government plant was authorized.

The fact is that no such threat has been made by this Company or on its behalf.

Our Company has made no threat of any kind.

The necessary armor manufacturing capacity for the needs of the United States Government already exists.

Our facilities are at the disposal of the Government upon its own terms.

Would it not be a waste, when no economy can be realized, to spend Government money to duplicate facilities already adequate?

What National Advantage Do Private Armor Plants Serve?

To the Members of Congress:

April 11, 1916

THE HON. H. A. HERBERT, then Secretary of the Navy, reported to Congress in 1896:

"The present size and strength of our navy is not so efficient a factor in keeping the public peace and in creating respect for our country abroad as is our capacity to rapidly increase that navy to any required extent."

THE PRESENT SECRETARY OF THE NAVY says to Congress, in his last annual report, that one of the lessons of the present war is that

"We must enlarge factories in which munitions can be manufactured, with everything in readiness to increase the large reserve in case it should be necessary."

The foregoing are sound doctrines. They have been found to be sound by every great nation in the world.

Yet it is proposed to adopt a policy in building armor, the vital feature of a battleship's equipment, which will effectively destroy the large existing armor manufacturing capacity in this country.

SENATOR TILLMAN, while conducting the recent inquiry into the cost of armor, very accurately stated:

"If the Government enters into its own armor manufacture itself, it will destroy your business, in that respect at least."

"It would be much better if we should have the manufacturers supply the Government at a reasonable price."

We are prepared to supply armor at a price which the Government itself shall decide to be reasonable.

This is said to be a "death-bed repentance."

That is a phrase. What we propose is a responsible business proposition to which we are prepared to agree for an indefinite period.

We want to protect ourselves against the loss of our existing investment, and at the same time save the Government an unnecessary expense.

A Mistake in the Policy of the Bethlehem Steel Company

To the Members of Congress:

April 13, 1916

It is said that manufacturers of armor plate have "gouged" the country.

This statement has been repeated through many years. It was not true—it is not true.

The fact is that had manufacturers of armor invested the same capital in commercial steel plants, they would have realized as much profit as the total receipts from the Government for armor have amounted to.

The United States has for twenty years obtained the highest grade of armor and has paid a lower price for it than has any other great naval power. (From data compiled under the direction of the Senate Committee on Naval Affairs.)

Armor manufacture has been and still is the least profitable feature of the steel business.

The mistake of the Bethlehem Steel Company has been that it kept quiet.

We have allowed irresponsible assertions to be made for so long without denial, that many people now believe them to be proven facts.

Committees galore have investigated armor manufacture. Countless opinions have been expressed, but nobody has produced facts to prove the sinister claims. Even in the latest report on a Government armor-plate bill, submitted on February 8, 1916, the Senate Committee on Naval Affairs made this extraordinary finding as to the policy of armor manufacturers:

"There was every evidence of combination and collusion instead of competition, BUT NO PROOF."

We are accused of being a "monopoly." That is a word the American people don't like. Couple the word "monopoly" with a word suggesting the hardness, the irresistibility of "armor plate," and the very words themselves, if often enough linked together, come to suggest—without any proof—the existence of motives of selfishness and greed. But the conclusion is absolutely without warrant in fact.

We shall make the mistake of silence no longer.

Henceforth we shall pursue a policy of publicity. Misinformation will not be permitted to go uncorrected.

It is and has been the policy of our Company to deal with the American Government in the frankest and most liberal manner. We expect henceforth to place the details of all those relations before the American people.

We have offered to make armor for the Government at any price the Government shall name as fair.

Certainly the widespread publication of such an offer is an effective challenge to our own good faith.

What Would it Cost the U.S. to Manufacture its Own Armor?

To the Members of Congress:

April 14, 1916

The whole argument for a Government armor plant rests upon the contention that through Government manufacture a cheaper price will be realized.

We concede that if we cannot do better for the Government than it can do for itself, our case fails.

The Secretary of the Navy in his Annual Report estimates that the Government can make armor at \$262.79 per ton in a plant of 10,000 tons running at full capacity. The prevailing price is \$425 a ton. He estimates the difference as the advantage of Government over private manufacture. The estimate is absolutely fallacious.

The Secretary's estimate covers mere shop work; it omits many important items which must enter into actual cost.

SECRETARY DANIELS' ESTIMATE MAKES NO PROVISION

**For Administration and General Expense,
For Insurance, Taxes and Depreciation of Plant,
For Interest on Investment and Working Capital.**

These items must be paid in one way or another by either Government or private manufacturer.

Secretary Daniels' estimate assumes that the Government plant will be run at full capacity.

The award of a contract large enough to keep any plant running full would make possible equally great if not greater economies in a private plant.

We can and will manufacture armor at a price cheaper than the Government can possibly do it.

The building of a Government plant—

Would not reduce the price of armor to the people; but it

Would reduce the available capacity for producing this vital factor in national defense.

We are prepared to produce armor at the Government's own price. This is not a mere phrase; it is a responsible business proposition. Acceptance of it will save the Government money.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

What is the Ultimate Purpose of a Government Armor Plant?

To the Members of Congress:

April 17, 1916

The Senate has passed and the House is considering a bill to appropriate \$11,000,000 of public money for a Government armor plant.

What is the real purpose underlying that measure?

Is it to punish somebody for supposed misdeeds in the past?

If so, what actually has been done?

There have been many statements, many insinuations, but **what are the facts?**

Before a Government plant is built, rendering our plant unnecessary, isn't it worth while to make **sure** just why the step is being taken?

The Senate Committee on Naval Affairs said:

"As long as present conditions continue, the armor manufacturers are in a position to force the United States Government, in the language of the highwaymen, 'to stand and deliver.'"

The House Committee said:

"The Government finds itself in such a position as to be forced to contract for armor plate at the price submitted by the companies."

Such assertions have often been made, but they will not stand analysis.

The fact is that we offer to let the Government's own agent, the Federal Trade Commission, fix the price. We agree to make that offer good indefinitely.

Is that forcing the Government?

It is said that in making armor we have a "monopoly." There are three manufacturers of armor and but one customer.

If we cannot sell to the American Government, for which our armor plant was created, we have no business.

The Government is—as it should be—completely in control of the situation.

All that we ask is that before Congress takes the step which will commit this country to an expenditure for a Government plant, they put us to the test on our proposition, viz., to demonstrate that—

We can, will make and have made armor for the American people cheaper than the Government can possibly do it for itself.

Why We Offer to Reduce the Price of Armor Plate

To the Members of Congress:

April 18, 1916

We have offered to reduce the price of armor to the United States from \$425 to \$395 a ton. That fact is cited by some as proof positive of our having made inordinate profits in the past.

The fact is that armor manufacture is and has been the least profitable branch of steel making.

Japan has a Government plant. She pays wages very much lower than are paid in this country. Her people are known for efficiency, yet the actual cost of her armor plate (according to official data) is \$490 per ton. Is there any reason to suppose the American Government could do any better?

We have offered to reduce our price, not because the present price is too high.

The shop cost of producing armor was found by Senator Tillman's Committee to be about \$262 a ton. Those figures represent our own experience—if our plant ran at full capacity.

The report in 1906 of the Committee of Naval Officers, headed by Capt. Kossuth Niles, estimated that the manufacture of armor costs ten per cent. more for a plant running at only two-thirds capacity, and thirty per cent. more when running only one-third capacity.

Senator Tillman's production cost of \$262 a ton, running at full capacity, did not include administrative expenses, it did not allow any interest on the value of plant, or working capital, it did not provide for insurance, taxes or depreciation. Such items would in one way or another have to be met by the Government, just as much as by a private manufacturer.

The Naval estimates call for 24,000 tons of armor per year for the next five years. If we receive orders for 8,000 tons per year, we can run our plant at two-thirds capacity, and reduce our price.

In the past our plant has run at an average of one-third capacity. That is why \$425 has been a low price. If we could have run at two-thirds capacity as is now possible, we could have made a reduction then.

To provide for all items of cost with our plant running at two-thirds capacity, would make the total cost about \$399 a ton. This covers merely shop cost plus the carrying charge on the plant; it covers no allowance for profit.

We offer the reduced price named, or we agree to accept the findings of the Federal Trade Commission as to what a fair charge would be.

Is it likely that we would suggest, as we have done, an investigation by the Federal Trade Commission, if we feared their findings would show extortion in the past?

Our situation is easily set forth:

We have a plant now built which cost us \$7,000,000. If a Government plant is built, ours is rendered useless and valueless. The whole of our investment will then be sacrificed.

Any return—however small—on the cost of our plant—

Any payment toward taxes, insurance and depreciation—

Any contribution toward the administrative expenses—

Is better than the loss of the whole plant.

We can make armor cheaper than the Government can do it. We want to save the Government a wasteful expense; we want to save our armor plant from being made valueless because useless.

The Bethlehem Steel Company's Offer to the U. S. Government

To the Members of Congress:

May 23, 1916

Some weeks ago we issued a series of statements to inform members of Congress concerning certain phases of the proposition to build a Government armor plant.

When the German crisis arose, we felt that arguments concerning armor manufacture should be suspended while a question of much larger national concern was in the balance.

That crisis having happily passed, we again direct the attention of Congress to the serious questions involved in the armor manufacturing issue:

Senator Tillman has publicly stated that it would be unfortunate for the Navy to manufacture its own armor.

"It would be better," added the Senator, "if we should have the manufacturers supply the Government at a reasonable price."

The Bethlehem Steel Company offers for
an indefinite period to make armor at a
price which the Government itself shall fix.

Could anything be more reasonable than that?

Can there be any "joker" in such a proposition?

Is not the widespread publication of this offer a challenge to our own good faith?

In contracting for articles which the Government itself makes, orders are not placed with private concerns until the capacity of the Government plant is exhausted.

A Government armor plant of 20,000 tons capacity will more than supply the armor for the program in the proposed Naval Appropriation Bill.

When the Government plant is built, the private facilities will therefore become valueless. They are of no use for any other purpose.

Not only will a private industry then have been crippled, but an important reserve factor in national defence will have been destroyed.

Our proposition is sound business policy for ourselves; its acceptance will avoid a waste of at least \$11,000,000 of public money.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Why We Are Opposing A Government Armor Plant

To the Members of Congress:

May 25, 1916

Some people say that the very fact that the Bethlehem Steel Company is so aggressively fighting the proposal to build a Government armor plant is conclusive proof that the Company is seeking to assure for itself the "vast profits" derived from private manufacture.

The fact is that armor making is the least profitable feature of steel manufacture.

* * *

The reason we oppose a Government plant is very simple. It is this:

Even though the making of armor is unprofitable, we have invested over \$7,000,000 in our armor plant;

That plant is useless for any other purpose.

It would be good business for us to make armor for the Government at any price over and above the actual shop cost, rather than sacrifice our entire investment.

* * *

We do not seek to save big profits; our purpose is very frankly to save our armor plant—itself built solely for the use of the Government—from going to the scrap heap.

TO DO THAT WE ARE PREPARED TO AGREE FOR ANY PERIOD TO ANY TERMS OF MANUFACTURE WHICH THE FEDERAL TRADE COMMISSION SHALL SAY ABSOLUTELY PROTECTS THE GOVERNMENT OF THE UNITED STATES.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

How the U. S. Gets the Best Armor For Its Battleships

To the Members of Congress:

May 26, 1916

The armor plate in our fighting ships constitutes a vital factor in national defense.

The United States is to-day equipping its men-of-war with the best armor plate made anywhere in the world—and pays for it less than any other great naval power.

The Price the U. S. Is Paying

The United States is to-day paying \$425 a ton for armor, an amount substantially lower than is paid by Japan, Austria, Germany, England, or France.

England buys its armor from five privately owned plants, and is now paying \$503 a ton. Germany has two privately owned plants, and is paying \$490 a ton. Japan is the only country with a government plant, and yet armor cost her \$490 a ton.

The specifications in the United States are much more rigid and the wages paid are very much higher than those prevailing in any foreign country.

The Bureau of Ordnance of the Navy, in a report, dated June 28, 1913, said;

The Quality the U. S. Is Getting

"The superior excellence of American armor is due to the fact that the Bureau of Ordnance has consistently and persistently demanded from armor makers the best armor they could produce and also to the fact that

"The Armor makers have honestly and conscientiously striven to produce
THE BEST POSSIBLE ARMOR."

We offer to continue producing armor—

First Of a **QUALITY** to be determined by the rigid requirements of the Navy Department, and

Second At a **PRICE** to be fixed by the Federal Trade Commission.

The entire situation is thus left absolutely in the control of the Government.

UNDER SUCH CONDITIONS, IS THERE ANY OCCASION TO WASTE \$11,000,000 IN BUILDING A GOVERNMENT ARMOR PLANT?

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Can the U. S. Government Save Money by Making its Own Armor?

To the Members of Congress:

May 27, 1916

It is said the Government can make armor cheaper than private manufacturers.

Among other economies, it has been claimed that the Government could utilize naval officers as managers and superintendents, and thus avoid paying the salaries to experts which private corporations must pay.

The United States Bureau of Ordnance, in an report dated June 28, 1913, said:

"The success or the failure of a Government armor plant will depend, in a great measure, on the character and ability of the civilian experts employed.

"Unless the Government is prepared to pay large salaries, it cannot expect to operate a successful plant."

"Processes of armor manufacture," continued the Bureau of Ordnance, "require a high degree of metallurgical knowledge, which must be paid for at a high rate."

"Unless competent metallurgists, open-hearth superintendents, carbonizing superintendents and inspectors of heats are employed, the quality of armor produced will necessarily be below the standard of that produced by private parties by whom high salaries are paid."

There is no question of the quality of armor the American Government is now obtaining: **it is the best in the world.**

We offer to continue producing that quality of armor under government supervision at any price the Government itself shall name as fair.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Why Not Face the Facts About Armor Competition?

To the Members of Congress:

May 29, 1916

The policy of the United States Government for many years has made any real competition in armor-making ineffective.

The Government has considered it good policy to so distribute its armor business as to maintain a large reserve armor-making capacity ready for emergencies.

The Government might have asked the three armor plants for bids and let the entire tonnage to the lowest bidder. That would have made competition effective.

The result of such a course would have been to drive two of the three manufacturers out of business, and leave the country with the facilities of only one plant in time of need.

The Government in fact has always asked for bids from the three manufacturers, but no matter what the prices quoted, each year's business was divided among them.

These are the results of that policy:

- First** The United States gets the best armor in the world.
- Second** It pays a lower price than that paid by any other great naval power, and
- Third** Without extra expense it has available a large reserve armor making capacity.

Armor makers serve but one customer—the Government, just as a PUBLIC UTILITY serves but one customer—a community.

The solution of the public utility problem is regulation of rates.

The solution of the armor problem is for the Government to fix the price.

WE VOLUNTARILY AGREE TO ACCEPT ANY PRICE FIXED BY THE FEDERAL TRADE COMMISSION.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Aren't the People Entitled To Know All the Facts?

To the Members of Congress:

July 1, 1916

In passing the appropriation of \$11,000,000 for a Government armor plant, the House of Representatives rejected an amendment offered by Congressman Butler, as follows:

That expert chartered accountants shall be employed to open a set of books which shall exhibit every item of expense, direct and collateral, which may be charged against the preparation of the plans, the selection and purchase of a site, the construction and equipment of the proposed plant and the cost per ton of the output for each month of the operation of the plant.

**Refusal to institute an adequate cost accounting
scheme means that the people will never know
what Government-made armor costs.**

The importance of knowing what things cost:—

Vice-Chairman Edward N. Hurley, of the Federal Trade Commission, speaking at New York, May 26, before the American Iron and Steel Institute, said:

"Perhaps foremost among these [important questions of business policy] is the importance of knowing definitely your true costs of manufacture and of distribution."

"General demoralization in a large number of industries has been caused by firms who cut prices not knowing what their goods actually cost to manufacture."

If that is true in private industry, isn't it true in Government industry?

Is it fair to an industry—is it fair to the public, for the Government to smother a private enterprise presumably to get a cheaper product, and then refuse to know what the article actually does cost?

That question is now before the Senate.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

The Bethlehem Steel Company's Offer to Serve the United States

To the Members of Congress:

July 3, 1916

At a time when the expenses of the Government are so enormous—

Isn't it worth while **finding out** the actual facts before plunging ahead into an expenditure of \$11,000,000 of the people's money for a Government armor plant?

The House of Representatives has, however, voted down a proposal to empower the Federal Trade Commission to determine a fair price for armor and allow private manufacturers opportunity to meet that price before the Government built its plant.

This was the proposition turned down by the House on May 31, 1916:

"The Federal Trade Commission is hereby directed, immediately after the passage of this act, and annually thereafter, upon the request of the Secretary of the Navy, to investigate and inventory the armor-plate plants of the United States, examine their books, and estimate and determine the average full cost of producing armor plate at said plants under the four following conditions, to wit:

- "(a) Plants running at full capacity.
- "(b) Plants running at two-thirds capacity.
- "(c) Plants running at half capacity.
- "(d) Plants running at one-third capacity.

"If the manufacturers of armor plate shall refuse the Federal Trade Commission full opportunity for examination and investigation as above mentioned, the said appropriation for the erection of an armor-plate factory or factories shall be immediately available for that purpose; but if such opportunity shall be afforded the said commission, it shall at once determine the full cost of producing armor plate at said plants, and shall immediately report to the Secretary of the Navy a fair and reasonable price the Government shall pay for its armor plate.

"Upon the receipt of such report the Secretary of the Navy is hereby authorized to enter into a contract or contracts for armor plate to meet the needs of the Government, now or hereafter, at or below the price per ton so reported as the fair price for the proportion which the tonnage awarded bears to the aggregate capacity of the plants, and the appropriation hereby made for the erection or purchase of an armor-plate plant shall not be used for that purpose until the said report has been made to the Secretary of the Navy, and the manufacturers of armor plate have failed within 30 days after notice of such report, to accept the same and to enter into a contract or contracts for the manufacture of said armor plate to provide for the then requirements of the Government, as specified by the Secretary of the Navy, at or below the price per ton so reported by said commission."

The original proposition is now again before the Senate.

To clear up the whole situation and put it on a basis as fair and businesslike as we know how to express it, we now make this offer to the Government:

The Bethlehem Steel Company will manufacture armor plate for the Government of the United States at actual cost of operation plus such charges for overhead expenses, interest and depreciation as the Federal Trade Commission may fix. We will agree to this for such period as the Government may designate.

Isn't our proposition fair and ought it not to be accepted?

Shall the Nation's Welfare Wait on Experiments In Government Ownership?

July 6, 1916

To the Members of Congress:

The Naval Bill now before the Senate carries an appropriation of \$11,000,000 to build a Government armor plant.

The U. S. already has Government ship-building yards. This is what Burton J. Hendrick says about them in *World's Work* (July):

"For the last two years navy men, the public, and the newspapers have been crazy for more ships.

"Congress in the early part of 1915 authorized the construction of two super-dreadnoughts.

"Added to the Navy now or a year from now, they would enormously increase its fighting strength.

"But . . . [it] was determined to build these vessels in Government yards.

"One of these ships is to be built at the New York Navy Yard. But the slip at that station is already occupied by the *New Mexico*. **Not until that**

vessel is launched can the keel of the new dreadnought, authorized more than a year ago, be laid.

“These two vessels, which the Navy sorely needs, will probably not be finished until 1919.

“Had these ships been placed in the hands of a private builder both ships would now have been launched and could have been commissioned next spring.

“But the welfare of the nation could wait on experiments in Government ownership.”

* * *

The Naval Appropriation Bill carries an appropriation of \$11,000,000 of public money for another “Government ownership experiment”—an armor plant.

We are seeking to save from being supplanted our armor plant—built at the behest of the Government—in which we have invested \$7,000,000.

We believe our prices have been fair in the past, and believing as we do in the fairness of the Government—

We offer to make armor for the United
States Government at its own price.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

Privately Owned Factories Will Save the Nation

—Says Howard E. Coffin

Chairman of the Committee on Industrial Preparedness
of the Naval Consulting Board

July 8, 1916

To the Members of Congress:

The danger to the country of depending upon Government-owned munition plants is pointed out by Mr. Coffin in *World's Work* (May). He says:

"No one can conceive of a Government . . . which can construct and maintain in time of peace a plant which will be qualified to turn out enough munitions to supply the fighting line in time of war.

"Congressional action toward the establishment of Government-owned plants may be on a false basis.

"Even though we have Government-owned plants . . . in the last equation, in any future war in which this country is engaged—

"It is going to be the privately owned manufacturing plants of this country which must feed the guns that will **save the nation.**"

The average requirements of armor for the battleships of the United States have for many years been about 10,000 tons a year.

But the Government has heretofore encouraged three plants to keep available a total capacity of 30,000 tons—ready for use in an emergency.

The Naval Bill now before the Senate carries an appropriation of \$11,000,000 to

build a Government armor plant, making unnecessary, under ordinary conditions, the existing private plants, and destroying this important reserve factor in national defense.

Isn't It Wiser—

To maintain present plants, ample as they are, and let the Federal Trade Commission fix the price at which armor shall be supplied—

Rather than spend \$11,000,000 of Public Money to build a Government plant and thus destroy an industry which the Country may some day sorely need

?

**CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President**

Bethlehem Steel Company

Selling Armor in Europe Cheaper than in the U. S.

July 11, 1916

To the Members of Congress:

Mr. Adamson of Georgia, a very able Congressman, made on May 27th a one-minute speech in the House of Representatives, favoring a Government armor plant.

He began his remarks with this expression of sound policy:

“I am not an advocate of government ownership or operation of any of the instrumentalities of business in which private capital can and will engage on honest and fair principles.

But, said Mr. Adamson, a Government armor plant is necessary because with such a plant—

“We could assuredly prevent our armor plate and other supplies from costing the Government 50 per cent more for our own use than our patriotic manufacturers sell the same things to Russia, 10,000 miles away.”

The complete facts as to selling to Russia and other foreign countries are these:

The Bethlehem Steel Company has since 1887 supplied to the United States 95,072 tons of armor at an average price of \$432.62 per ton.

During the same period its sales to all foreign countries were 5,331 tons—about six per cent of the total, and out of that amount 3,967 tons were sold at a higher price than was charged in the United States.

Two small sample lots—amounting in all to 1,339 tons—were supplied to Russia at \$249 per ton—a price lower than that then prevailing in the United States. **But that happened just twenty-one years ago.**

A few months later—and based on the tests of the sample lots—we

were able to sell 1,137 tons to Russia at \$524 per ton—a price higher than we have ever been paid by the United States Government.

With the exception of three plates (25 tons) for testing purposes only supplied to Japan in 1912,—

Not in twenty-one years has the Bethlehem Steel Company sold a pound of armor plate to a foreign government at as low a price as it has received from the United States.

Foreign armor plate business is not and has never been of consequence. The United States Government is virtually the only customer of our armor plant.

We Offer—

To place all our records and books at the disposal of the Federal Trade Commission, and—

To make armor for the United States at any price the Federal Trade Commission shall fix.

Could the Government do any more—or even as much—for itself with its own plant? If not—

WHY WASTE \$11,000,000 OF PUBLIC MONEY IN BUILDING A GOVERNMENT PLANT?

Bethlehem Steel Company

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Some Questions Asked of the Bethlehem Steel Company

July 12, 1916

To the Members of Congress:

In view of our energetic efforts to show the unwisdom of a Government armor plant, we have been asked some pertinent questions:

QUESTION 1: IF THE MANUFACTURE OF ARMOR IS UNPROFITABLE, WHY DO YOU SEEK TO CONTINUE IT?

Answer: The fact is that armor is the least profitable feature of steel manufacture.

Our armor making machinery is useless for any other purpose. \$7,000,000 of our investment is devoted to armor making plant. If a Government plant is built, ours will be rendered useless and valueless, and the whole of our investment will be sacrificed.

We are confident the Government would not ask us to make armor at less than the actual manufacturing cost.

Any return, therefore, however small, on the cost of our plant; any payment toward taxes, insurance and depreciation; any contribution toward the administrative expenses; is better than the loss of the whole plant.

QUESTION 2: IF YOU ARE WILLING TO MANUFACTURE AT THE GOVERNMENT'S OWN PRICE, WHY NOT SELL YOUR PLANT TO THE GOVERNMENT AT A FAIR VALUATION?

Answer: Our armor plant is but one of many elements in steel making works, where 25,000 men are employed. Armor making represents only about three per cent of our gross business.

The same power house which serves other plants also serves the armor works. The entire process of making armor is interwoven with our other steel making activities.

That is one method of economical production a Government plant would not enjoy.

But that fact makes it physically impossible to separate the armor plant from our works as a whole, and sell the plant separately to the Government or anyone else.

But the Government can make use of our investment without spending \$11,000,000 of the people's money, upon terms which the Federal Trade Commission shall find to be economical.

In other words, we offer—without risk to the Government—to place our facilities as completely and effectively at the service of the Nation as if the Government became the actual owner.

Bethlehem Steel Company

**CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President**

Why Armor Manufacturers Have Not Shown Their Books

July 13, 1916

To the Members of Congress:

Congressman Good, addressing the House of Representatives May 31st, said he would have supported the Butler amendment giving the Federal Trade Commission power to establish a price for armor plate (rather than build a Government plant)—

“Had these concerns permitted an answer to be made as to what it was costing them to make armor.”

Congressman Good is under a misapprehension, and as the votes of other members may have been influenced by the same misapprehension, we give the facts:

(a) Secretary Daniels testified that one of the manufacturers sometime ago **SENT HIM THEIR ACTUAL COST RECORDS** with the proviso that he should keep this information confidential, and that he returned the record unread because he felt he had no right to receive confidential information that he could not divulge to the American people.

(b) One of the manufacturers **HANDED TO THE SENATE INVESTIGATING COMMITTEE** a record of their costs, certified by public accountants, but they were not willing that this should be spread on the public record and it was, therefore, returned to them.

(c) We have offered to permit an examination of our plant and records by certified public accountants, or the Federal Trade Commission.

Is it conceivable that we would make such an offer if we had any fear that the actual figures would show extortion?

Our Position:

We have no objection to giving these details of costs to properly constituted authorities for their information and guidance. We do object to having them spread in public documents where they shall be available to other manufacturers here and, particularly, to the foreign manufacturers. We have never been able to get any data as to the cost at the German, English, French and other plants.

All we know is that the United States Senate Naval Year Book shows that all the great foreign governments pay more for their armor than does the United States.

We would be very much interested in any detailed records of the foreign manufacturers' costs

and methods of production, and they would no doubt be equally interested in ours, but we have no desire to voluntarily give them this information.

Nor do we believe it would be good policy for the United States Government to force out such information for the use of the foreigners. There isn't the slightest difficulty in obtaining such data for the use of the United States Government itself.

We repeat our offer:

**We will open all our books to
the Federal Trade Commission
and accept any price for armor
which the Commission shall fix.**

We believe our prices in the past have been fair. We make our offer in perfect confidence that complete examination by the Government's own agency will make that clear.

**If we are right, isn't it worth while finding out? Has the Government anything to lose,
has it not much to gain, by putting our offer to the test?**

Bethlehem Steel Company

**CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President**

Existing Armor Plants Able to Obtain Ample Ore in Case of War

July 14, 1916

To the Members of Congress:

The Manufacturers' Record, of Baltimore, has urged the adoption of a Government armor plant on the ground that existing plants would be dependent in case of war upon Lake Superior iron ore which is shipped through the Soo Canal.

These are the reasons why there is no validity in this contention:

1. It takes relatively very little ore to make all the armor plate required by the United States.
2. There are ample deposits of ore in Central Pennsylvania to take care of all necessities, should the Lake Superior supplies be cut off.
3. If the Soo Canal is closed, Lake Superior ores can easily be brought by rail from Duluth to Pittsburg, Philadelphia or Bethlehem, where the armor factories are located.
4. If these three cities were in the hands of an enemy in war time, it is safe to say that we could not build battleships on our sea-coast, so that armor factories would then be of no avail.

The fact is that there is no possible strategic weakness in the present location of privately built armor plants.

There would be much greater weakness to national defense in having inadequate

armor-making capacity in time of need. That is what the proposed Government plant threatens.

It is said that the Government has no intention to destroy existing armor-making plants.

When the Government contracts, however, for articles which the Government itself makes, orders are not placed with private concerns until the capacity of the Government plant is exhausted.

The proposed Government plant will have 20,000 tons capacity. The average requirements of the United States for the past twenty years have been about 10,000 tons annually.

Pursuant to the practice of giving to the Government plant all Government work up to the capacity of the Government plant, it will mean that there will be no work for the private plants to do.

**A Government armor plant will tend to
destroy, through rendering useless, private
plants, and leave the nation in future
years dependent in time of emergency
solely upon the Government factory.**

We respectfully submit that this is a risk the nation ought not to take.

The wise policy, we maintain, is to exact a fair price and encourage the existence of the maximum armor-making capacity in private plants.

Bethlehem Steel Company

**CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President**

What Can We Learn from England About Armor Plate Manufacture?

July 15, 1916

To the Members of Congress:

Addressing the Senate of the United States on July 11, Senator B. R. Tillman, Chairman of the Senate Committee on Naval Affairs, said:

“The War in Europe has demonstrated the vital importance of munitions plants and an almost endless supply of ammunition, shells, and so forth.”

ENGLAND’S POLICY AND EXPERIENCE

England has the largest navy in the world. Her national existence depends upon the effectiveness of that navy.

Mr. Sydney Brooks, a well known English writer, in a letter dated March 25, published in The New York Times, says:

If an Englishman in my position were to speak out frankly to his American friends he would say—

“For God’s sake don’t let yourselves be caught as we were caught. Remember that modern war calls upon every ounce of manufacturing efficiency that a country possesses. Remember that you can raise volunteers, drill them, and train them infinitely quicker than you can arm them, and that this business of turning out the munitions of war is one that cannot be improvised. Remember that we in England have found a large number of private plants skilled and equipped to produce everything that is needed from small arms to howitzers to be not merely a valuable military asset but absolutely vital to the salvation of the country.”

Had we depended merely on our Government arsenals with their slow-moving, unbusinesslike methods we could not have maintained even 50,000 men in France.

Happily we have long encouraged private manufacturers to take up the production of shells, rifles, armor plate, machine guns, and all the other innumerable implements of war.

We have encouraged them, but we found in August, 1914, that we had not encouraged them enough.

In a letter published in the New York Sun, April 5, Mr. Brooks also said:

We have in Great Britain, I believe, five or six armor making firms.

The Admiralty experts consult with them continuously, apportion the work among them, arrange the price—Parliament very wisely never attempts to meddle with such details—and drive the best bargains they can in the interests of the nation. With common sense and a rational spirit of give and take on both sides the system works admirably.

How should we have gained if in lopping off the profits of the armor makers we had imperilled the nation? Could any one conceive a more perfect example of the penny wise and pound foolish policy than one which in the name of economy, weakened the navy, risked an irreparable defeat and prevented us on the day of Armageddon from utilizing the country's industrial resources?

That is what Mr. Brooks said. The fact is that if a Government armor plant is built in the United States it will take care of all ordinary requirements of the Navy.

The private plants will then have been rendered useless, and a vital reserve factor of safety in national defense will have been destroyed.

If that should transpire the fact that our investment will have been destroyed will be of small moment in comparison.

Bethlehem Steel Company

**CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President**

A Series of Advertisements Inserted in 3257 Daily and Weekly Newspapers Throughout the United States

A Mistake in the Policy of the Bethlehem Steel Company

To the People:

The Senate of the United States has passed a bill to spend \$11,000,000 of the People's money to build a government armor plant. The measure is now before the House of Representatives.

It is said that manufacturers of armor have "gouged" the country in the past, and that a government plant is necessary to secure armor more cheaply.

The mistake of the Bethlehem Steel Company has been that it has kept quiet.

We have allowed irresponsible assertions to be made for so long without denial, that many people now believe them to be proven facts.

We shall make the mistake of silence no longer.

Henceforth we shall pursue a policy of publicity. Misinformation will not be permitted to go uncorrected.

It is and has been the policy of our Company to deal with the American Government fairly and squarely.

We shall henceforth place the details of our relations with the Government before the American People.

The United States has for twenty years obtained the highest grade of armor and has paid a lower price for it than has any other great naval power.

Figures officially compiled for the Senate Committee on Naval Affairs from the Naval Year Book show that under conditions prevailing just before the European war, the chief naval powers of the world were paying these prices for armor:

England, \$503 per ton; France, \$460; Germany, \$490; Japan, \$490; UNITED STATES, \$425.

A government plant cannot make armor any cheaper than we can do it; and—

We are prepared to manufacture armor at any price which the Government itself shall name as fair. THAT BEING SO, SHOULD \$11,000,000 OF THE PEOPLE'S MONEY BE WASTED TO BUILD A GOVERNMENT PLANT?

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

A Series of Advertisements Inserted in 3257 Daily and Weekly Newspapers Throughout the United States

Why We Are Opposing A Government Armor Plant

To the People:

Some people say that the very fact that the Bethlehem Steel Company is so aggressively fighting the proposal to build a Government armor plant is conclusive proof that the Company is seeking to assure for itself the "vast profits" derived from private manufacture.

The fact is that armor making is the least profitable feature of steel manufacture.

* * *

The reason we oppose a Government plant is very simple. It is this:

Even though there is but little profit in the making of armor, we have invested over \$7,000,000 in our armor plant;

That plant is useless for any other purpose; if a Government plant is built the usefulness of our plant is destroyed.

It would be good business for us to make armor for the Government at any price over and above the actual shop cost, RATHER THAN SACRIFICE OUR ENTIRE INVESTMENT.

* * *

We do not seek to save big profits; our purpose is very frankly to save our armor plant—itsself built solely for the use of the Government—from going to the scrap heap.

To do that, we are prepared to agree for any period to any terms of manufacture which the Federal Trade Commission shall say absolutely protects the Government of the United States.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACH, President

Bethlehem Steel Company

A Series of Advertisements Inserted in 3257 Daily and Weekly Newspapers Throughout the United States

Why Not Face the Facts About Armor Competition?

To the People:

The policy of the United States Government for many years has made real competition in armor-making ineffective.

The Government might have asked the three armor plants for bids and let the entire tonnage to the lowest bidder. That would have made competition effective.

The result of such a course would have been to drive two of the three manufacturers out of business, and leave the country with facilities of only one plant in time of need.

The Government in fact has always asked for bids from the three manufacturers, but no matter what the price quoted, each year's business was divided among them.

Armor makers serve but one customer—the Government, just as a public utility serves but one customer—a community.

The solution of the public utility problem is regulation of rates.

The solution of the armor problem is for the Government to fix the price.

We voluntarily agree to accept any price fixed by the Federal Trade Commission. Isn't acceptance of that offer better than the destruction of an industry built solely to serve the Government?

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

A Series of Advertisements Inserted in 3257 Daily and
Weekly Newspapers Throughout the United States

The Bethlehem Steel Company's Offer to Serve the United States

At a time when the expenses of the Government are so enormous—

Isn't it worth while finding out the actual facts before plunging ahead into an expenditure of \$11,000,000 of the people's money for a Government armor plant?

To clear up the whole situation, and to put it on a basis as fair and business-like as we know how to express it, we now make this offer to the Government:

The Bethlehem Steel Company will manufacture armor plate for the Government of the United States at actual cost of operation plus such charges for overhead expenses, interest and depreciation as the Federal Trade Commission may fix. We will agree to this for such period as the Government may designate.

The House of Representatives voted down a proposal to empower the Federal Trade Commission to determine a fair price for armor, and allow private manufacturers opportunity to meet that price before the Government built its plant.

Isn't our proposition fair and ought it not to be accepted?

The measure is now before the United States Senate.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

A Series of Advertisements Inserted in 3257 Daily and Weekly Newspapers Throughout the United States

Suppose this was Your Business!

If the Government had asked you to invest your money in a plant to supply Government needs; and after the plant was built, and had become useful for no other purpose, the Government built a plant of its own, making your plant useless and your investment valueless—would that seem fair?

That is precisely what Congress is planning for the Government to do with reference to our investment of \$7,000,000 in an armor plant.

Reporting to Congress, Hon. H. A. Herbert, then Secretary of the Navy, said December 31, 1896:

"The two armor contractors, the Bethlehem Iron Company and the Carnegie Steel Company, both entered upon the business at the request of the Navy Department."

Is it wise—is it fair—for the Government to destroy a private industry brought into existence to serve the Government, unless for reasons of compelling force? To show that no such reasons exist, we make this offer to the United States Government:

The Bethlehem Steel Company will manufacture armor plate for the Government of the United States at actual cost of operation plus such charges for overhead expenses, interest, and depreciation as the Federal Trade Commission may fix. We will do this for such period as the Government may designate.

Isn't that fair? The question is now before the United States Senate.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

A Series of Advertisements Inserted in 3257 Daily and
Weekly Newspapers Throughout the United States

Aren't the People Entitled to Know All the Facts?

The House of Representatives in appropriating \$11,000,000 to build a Government armor plant, voted down a proposal that books be kept so the public could know exactly how much Government-made armor will cost.

Advocates of a Government plant expect to get armor cheaper. Why then refuse to look facts in the face?

We can and will make armor for the Government cheaper than it can do it for itself—and we want to prove it.

If our offer to do so is to be rejected, aren't the people entitled to know exactly what the Government-made product costs?

That question is now before the Senate of the United States.

CHAS. M. SCHWAB, Chairman
EUGENE G. GRACE, President

Bethlehem Steel Company

From

Eleventh Annual Report Bethlehem Steel Company

For Fiscal Year Ended December 31, 1915

With the recent extraordinary market for all classes of steel products and for ships the various plants of your Corporation enter the year 1916 with all departments, with one exception, running at full capacity.

That exception is the armor-plate department. Bethlehem Steel Company has practically completed deliveries to the Government on all pending armor contracts. Contracts for the current year have not been awarded.

Your attention is called to the fact that a bill is pending in Congress and has, with the support of the Secretary of the Navy, been recommended for passage by the Senate Committee on Naval Affairs, providing for the building by the Government at an expense of \$11,000,000 of an armor plant with a capacity of 20,000 tons a year.

This capacity provides for more than double what have been the average actual requirements of the United States for armor over the past twenty years, and if such a bill is passed the value of existing armor plants in this country will be virtually destroyed. Bethlehem Steel Company has more than \$7,000,000 now invested in its plant, devoted to this use,—and useless for any other purpose.

Recognizing that, though the interests of your property should be carefully conserved by your officers, on a matter of this kind your Corporation also has an important obligation to the nation of which it is a citizen, your officers have appeared before the Senate Committee on Naval Affairs and urged the defeat of the

From Eleventh Annual Report, Bethlehem Steel Company

pending measure. As it is frankly declared that the sole purpose of the proposed enterprise is that the Government may secure its armor at a lower price, your officers have submitted the following proposition to the Federal Government.

We will agree to permit any well-known firm of chartered public accountants to inventory our plant and make careful estimates of the cost of manufacture.

With that data in hand we will meet with the Secretary of the Navy and agree to manufacture armor at a price which will be entirely satisfactory to the Secretary of the Navy as being quite low as the price at which the Government could possibly manufacture armor on its own account, after taking into account all proper charges.

As a concrete working basis for such negotiations, Bethlehem Steel Company has offered to manufacture one-third of the armor plate required for the contemplated five-year naval program (estimated at approximately 120,000 tons), for a price of \$395 per ton for side armor, as compared with the price of \$425 per ton now obtaining.

It may be added that while all other steel prices have greatly increased, the foregoing figure at which we now offer to make armor for the United States is not only a lower price than has been paid by the Government for more than ten years, but it is also a substantially lower price than is paid for armor by Japan, Austria, Germany, France, or England.

Bethlehem Steel Company entered upon the manufacture of armor plate at the request of the United States Government. It has during all these years co-operated with the Government to the end that the United States should have the benefit of the highest development of the art.

From Eleventh Annual Report, Bethlehem Steel Company

Altogether aside from the financial interests of your Corporation, we, as citizens, and in the light of our experience, should regard it as extremely unfortunate if the United States should enter upon a policy which should prevent there being placed continuously at its disposal in this important detail of national defense, the experience, the enterprise and the initiative of the steel manufacturing industry of the country.

Assuming that manufacturers are willing to accept as low a price as the Government may properly exact, we earnestly hope that Congress will not feel it necessary to embark upon the proposed policy.

Remarks of Charles M. Schwab

At annual meeting of stockholders
of Bethlehem Steel Company,
at Newark, N. J., April 4, 1916

"It is my duty to call to the attention of the shareholders of this company the fact that the Senate has passed a bill appropriating \$11,000,000 to construct a Government armor plant with a capacity of 20,000 tons a year—a capacity far in excess of the average annual requirements of the United States Government for many years past. That bill is now pending before the House of Representatives.

"The chairman of the Senate Committee on Naval Affairs on November 27, 1914, publicly called attention to the fact that if the Government entered into its own armor manufacture it would destroy the armor manufacturing business of the private plants.

"Your company has invested some \$7,000,000 in an armor plant. Should a Government plant be built, that investment will be rendered practically valueless. Of course this investment is only about five per cent of the total investment in your various properties, and the total armor business is less than three per cent of your gross annual turnover. The integrity of the Bethlehem Steel Corporation does not depend upon the manufacture of armor.

"In order to save as much as possible of our investment in this branch of business, we have taken steps to bring to the

Remarks of Charles M. Schwab at Annual Meeting

attention of Congress, as frankly, as openly, and as vigorously as we know how, the considerations which we feel should prevail in rejecting the proposal to build a Government plant.

“Senator Tillman, a strong advocate of a Government plant, in a public hearing on November 27, 1914, himself said that ‘it would be very unfortunate for the [Midvale] company as well as for ourselves if we [meaning the Government] were to manufacture our own armor, because it would be much better if we should have the manufacturers supply the Government at a reasonable price.’

“We feel that Senator Tillman was entirely correct in that statement. It is a distinct asset to have a maximum armor-making capacity at the disposal of the Government. It is acknowledged that the United States is to-day getting the best quality of armor in the world. It is getting that quality at a price below that paid for armor by any other great naval power. The United States, according to official reports, has paid a lower price for armor over a period of twenty years than any of the other countries with large navies.

“To fulfill to a greater degree the conditions suggested by Senator Tillman, we have offered to reduce the price of armor by \$30 a ton below the price even now obtaining.

“The Secretary of the Navy has suggested that if this new price is accepted it will not be long before the price is once more ‘soaring.’ As an earnest of our policy with reference to that point:

“We are prepared to manufacture armor for an indefinite period at any price which the Federal Trade Commission shall, after an examination of all facts, decide to be fair and reasonable.

Remarks of Charles M. Schwab at Annual Meeting

“It has been declared that if the Government should monopolize the manufacture of armor, that fact would take away from private capital any incentive for agitating enlarged naval or military programs.

“I desire to say in the most unequivocal terms that no representative of the Bethlehem Steel Company is seeking or has sought to influence legislation as to the size of naval or military expenditures. That is not our business. Our business is to serve the United States Government just in so far as the Government may elect to avail itself of our services.”

“Since the war in Europe began our prices there have been practically what we choose to ask, but we have not in any instance increased the price of any ordnance products to the United States Government. We are keeping hands off of any interference with the Government’s as to preparedness or national defence; we are seeking to make all our prices so fair as to command the utmost confidence of every officer of the Government, and we are doing our best to supply a quality of product in accordance with the highest development of the manufacturing art.

“This country is threatening to adopt, in reference to armor-plate, a policy which other great nations of the world have rejected. We are prepared to continue our co-operation with the United States Government with every resource at our disposal, and we earnestly hope that Congress will not find it necessary to embark upon the projected course of action.”

Statement by Eugene G. Grace

President of the Bethlehem Steel Company,
concerning proposed Bill to construct a
Government armor plant, before Committee on
Naval Affairs of the House of Representatives at
Washington, D. C., Wednesday, March 22, 1916

Washington, D. C., March 22, 1916.

To the House Committee on Naval Affairs:

The Senate has passed the Bill to construct a Government armor plant at a cost of \$11,000,000. If the House should pass this Bill, it will mean that as soon as the new plant is constructed, the twenty odd million dollars now invested in privately owned plants will have been rendered practically valueless, for existing plants have ample capacity to meet all the needs of the Government.

The question, however, should not be determined merely with reference to the interests of private manufacturers; it should be decided with reference to the interests of the people as a whole, and especially with supreme regard for adequate national defense.

The Bethlehem Steel Company, altogether aside from its financial interests but recognizing its obligation as a citizen, in order that its position may be clearly understood now desires formally to submit the following proposition to the Federal Government:

Statement by Eugene G. Grace Before House Committee

We will manufacture one-third, or such additional quantity as may be awarded to us, of the armor-plate required for the contemplated five-year naval program (estimated at approximately 120,000 tons), at a price of \$395 for side armor, as compared with the price of \$425 now obtaining. The proposed price is lower than has been paid by the Government for more than ten years.

If the foregoing price is not satisfactory, we will agree to permit any well-known firm of chartered public accountants to inventory our plant and make careful estimates of the cost of manufacture; with that data in hand we will meet with the Secretary of the Navy and agree to manufacture armor at a price which will be entirely satisfactory to him, as being quite as low as the price at which the Government could possibly manufacture armor on its own account, after taking into account all proper charges.

Admiral Straus, Chief of the Naval Bureau of Ordnance, has stated that the only possible purpose of a Government plant is to obtain a lower price. There certainly is some point where it would not pay the United States to build an armor plant of its own.

We make the foregoing proposition rather than have our plant put out of existence. We have invested over \$7,000,000 in that plant, as actually inventoried to-day. This figure does not take into account large sums—certainly \$2,000,000—expended for plant and equipment which have been abandoned because of becoming obsolete.

We are to-day selling armor to the United States Government at a lower price than any other large naval power in the world is paying, even where the government has itself embarked in the business. Not only is that true, but the specifications in the United States are much more rigid and the wages paid are very much higher than those prevailing in any foreign country.

England buys its armor from five privately owned plants, and is now paying \$503 a ton. Germany has two privately owned plants,

Statement by Eugene G. Grace Before House Committee

and is paying \$490 a ton. The United States pays \$425 a ton, and we now offer to reduce that figure by \$30 a ton.

All the more important countries engaged in the present war employ the policy with reference to armor-plate manufacture which this country now threatens to abandon. The meaning of that policy is that it places continuously at the disposal of the Government in this important detail of national defense, the experience, the enterprise, the initiative and the resources of the steel manufacturing industry of the country.

Steel prices are continually going up, and they are to-day much higher than has been the case for many years. In spite of that, we offer to build armor at a lower price than the United States Government has paid for twenty-nine years, and we agree to accept this lower price for the next five years.

We also call attention to the fact that though since the war began we have been able to get in Europe almost any price we chose to ask for ordnance, we have during that period made no addition whatever to the selling price to the United States Government of any of the ordnance products which we manufacture.

The Bethlehem Steel Company's

offer to the

United States Government

The Bethlehem Steel Company maintains no lobby to urge its views in Washington. It is relying upon Publicity to get its position before Congress and the People.

The Bethlehem Steel Company's Offer to the U. S. Government

Bethlehem Steel Company
South Bethlehem, Pa.
June 19, 1916

*Hon. Benjamin R. Tillman, Chairman
Senate Committee on Naval Affairs,
United States Senate,
Washington, D. C.*

My Dear Sir:

As part of the Naval Appropriation Bill as it comes to the Senate from the House of Representatives, is a provision to construct a Government armor plant at a cost of \$11,000,000. This provision is in substance identical with the separate Bill passed by the Senate for the same purpose, the Senate Bill itself not having been acted upon by the House. The proposition thus comes before the Senate as part of a new Bill.

I desire to present to your committee a proposition from my Company which had not been made when the Senate previously acted on this matter, and which, I venture to hope, may warrant further consideration by the Senate;

The Bethlehem Steel Company will agree, for such period as the Government may designate as fully protecting the public interest, to manufacture armor plate for the Government of the United States at actual cost of operation plus such charges for overhead expenses, interests, and depreciation as the Federal Trade Commission may determine to be fair.

* * *

The Bethlehem Steel Co.'s Offer to the U.S. Government

Our Previous Proposition

When I appeared before your Committee some months ago I proposed that certified public accountants satisfactory to the Navy Department should inventory our plants and determine the actual cost of making armor; and that with these figures in hand we should confer with the Secretary of the Navy and agree upon a price mutually satisfactory.

That proposition was objected to by the Secretary of the Navy on the ground that he did not believe the determination of so important a matter should be left to the personal judgment of any individual happening at the moment to be the Secretary of the Navy.

* * *

After the Senate had failed to act upon the foregoing suggestion, I appeared before the House Committee on Naval Affairs, and, in order to make our position still clearer, offered to place the absolute determination of the question of price in the hands of the Government itself as represented by the Federal Trade Commission.

It has been suggested that our act was a "death-bed repentance," as it was not taken until it became apparent that the Government would authorize the building of an armor plant, which through Government manufacture would destroy the need and therefore the value of our own plant, in which we had invested \$7,000,000.

The fact is that we do not for one moment concede that the prices charged for armor in the past have been unreasonable.

Is it conceivable that we would make the proposition we have done if we were conscious of having been party to any extortion of the Government in the past?

The Bethlehem Steel Co.'s Offer to the U.S. Government

Lower Price Offered Repeatedly

We have repeatedly offered to manufacture armor at a lower cost if a larger tonnage should be contracted for. The Government has asked for bids from the three manufacturers, but its practice has not been to give the contract to the lowest bidder: each year's order has been divided among the three plants, thus making abortive any efforts at competition.

The Bureau of Ordnance, reporting to the Navy Department, June 28, 1913, stated that without allowing anything for interest on investment the probable manufacturing cost of armor produced in a Government plant would be as follows:

*Output per Annum	Capacity of Plant		
	20,000 tons	10,000 tons	5,000 tons
	Cost per ton	Cost per ton	Cost per ton
20,000	\$279	\$349	\$400
10,000		314	394
5,000			354

The Bureau estimated that if interest on investment were to be added, the sum of \$49 per ton should be added to the foregoing charges on a plant of 10,000 tons capacity.

Our plant has 12,000 tons capacity, and the average annual amount since 1887 which we have been asked to supply to the Government has been only 3,280 tons, or a little over 25 per cent. of capacity. The average cost to the Government for the armor so supplied has been \$432.62 per ton.

*From hearing before the House Committee on Naval Affairs; 64th Congress, first session, volume 3, page 3707, report of the Bureau of Ordnance on cost of Government Armor Factory.

The Bethlehem Steel Co.'s Offer to the U.S. Government

It is obvious that the cost to be borne by each ton for overhead, interest, etc., increases as the annual output is reduced. Therefore, accepting the Government's own figures, with a capacity such as we have, operating at less than one-third its capacity, the production cost in a Government plant, without allowance for interest, would have been much greater than the \$432.62 which we were paid.

* * *

Our new proposition is not a "death-bed repentance," it is a renewed effort to make clear to the Government and to the public that we seek only what is absolutely fair. Our proposition is made in complete confidence that thorough consideration by a competent and impartial tribunal will establish two facts:

- 1. That our policy and prices in the past have been reasonable; and,**
- 2. Such are the economies that we can effect in the manufacture of armor in connection with our other products that under present conditions we can manufacture for the Government cheaper than the Government can possibly do so for itself.**

Taking the Profit Out of War

It is said that a Government plant should be built "to take the profit out of war."

Our Company has no inclination to make capital out of the military necessities of the United States. In the event of war or threatened war, all the facilities we have for any purpose are at the disposal of the United States Government upon its own terms. That means not only our armor plant; it includes our commercial plant, and our ordnance-making facilities. We have urged no programme of preparedness; we desire only to be able to serve the Government as we may be called upon.

The Bethlehem Steel Co.'s Offer to the U.S. Government

Our armor plant was built at the request of the Government of the United States. That request has, by the implicit action of successive Secretaries of the Navy, been frequently renewed.

The Government has acted upon the theory that it was desirable to maintain a reserve armor-making capacity not alone for the ordinary but also for the unexpected requirements of the Government.

Why We Have Not Published Any Detailed Cost Figures

It has been stated that we have declined to place our cost figures at the disposal of the Government, and that construction of an armor plant would enable the Government to determine costs from actual experience.

The fact is that we have repeatedly agreed to place all the figures relating to our costs and details thereof privately at the disposal of Committees of Congress or the Navy Department of the United States. We have frankly demurred at having these figures published for the information of the naval departments and armor manufacturers in foreign countries. Armor manufacturers in foreign countries, while declining to give us information, have made efforts to obtain our own detail costs. We do not feel that it would be fair to publish our figures for their information, when they are so scrupulously careful to prevent our benefiting through examination of their figures.

* * *

The situation in brief, as we see it, is as follows)

1. Figures compiled for your committee have shown you that the United States has for the past twenty years obtained armor plate at a price materially less than that paid by any of the great naval powers, while our labor costs were and are higher than those prevailing in any other country.

The Bethlehem Steel Co.'s Offer to the U.S. Government

2. The Navy Department has repeatedly testified that the quality of armor supplied for these reduced prices was better than the armor made for the navy of any other nation in the world.

3. The existing prices of material and labor are very much higher than was the case when the estimate was made that the proposed Government plant of 20,000 tons capacity could be built for \$11,000,000.

Our experience indicates that the cost now will be fully \$15,000,000, and probably more.

4. The naval lessons of the present war remain to be learned.

What they shall teach with reference to armor and the relative value of projectiles and armor is still to be seen. Under no conditions can an armor plant be built in less than three years. Thus the problem to be faced in the manufacture of armor may be absolutely different by the time the plant could possibly be ready for use.

5. The private armor-making capacity in this country was brought into existence at the behest of the Government.

In these three plants some \$20,000,000 has been invested. The capacity of these plants is and for many years will continue to be in excess of the requirements of the American Government.

These facilities are of value for no other purposes than the making of armor, and the construction and development of a Government plant would mean the practical confiscation of these plants and the elimination of reserve capacity, which might become vitally important in any emergency in national defense.

* * *



The Bethlehem Steel Co.'s Offer to the U.S. Government

The Inevitable Effect of A Government Plant

It has been urged that it is no part of the purpose of the Government to destroy existing armor plants; that the plan is wholly to provide Government competition, and the purpose of a Government plant will have been fulfilled if the plant is built and the key thrown away.

We respectfully submit that there is no occasion for such a waste of Government funds. We do, however, call attention to the fact that in contracting for articles which the Government itself makes, orders are not placed with private concerns until the capacity of the Government plant is exhausted.

What We Urge

Under the foregoing circumstances, we respectfully ask your Committee to reconsider its former recommendation on this subject and to bring to the attention of the Senate these considerations:

I. That all purposes of the United States Government will be served if the Federal Trade Commission is empowered to determine the price and the Navy Department the quality of the armor which shall be manufactured for the use of the United States Government.

II. That until, under the foregoing conditions, the existing capacity of armor plants built for and at the request of the Government, is utilized, it will be unfair to private manufacturers for the Government to take action which will in effect confiscate their property.

III. That until the naval lessons of the present war in Europe have been disclosed, and until a practical effort has been made to obtain armor from private manufacturers under the conditions named, the Government should not proceed with the expenditure of the public money necessary to construct an armor-making plant.

* * *

The Bethlehem Steel Co.'s Offer to the U.S. Government

This question should not be determined with reference to the interests of the Bethlehem Steel Company, but with supreme regard for adequate national defense and sound public policy.

Our Company asks no favors; we only ask that the Government thoroughly ascertain what the facts are, and then look those facts frankly in the face. If the facts are found to be as we have stated them, and are seen to be as advantageous to the Government as we believe them to be, we respectfully ask the Government to do what it finds to be fair to us.

As you are aware, we maintain no "lobby" in Washington to urge our views on this or any other matter. We have sought and are seeking to present our views of this measure in the frankest and most public way we can devise. In keeping with our policy, we shall, therefore, take the liberty of giving this letter to the press, as well as make such other distribution of it as will bring it adequately to public attention.

If your Committee desires further information, I shall be very glad to appear before you and give you all details in my power. We only ask that you give us a fair chance before you take steps to cripple our industry.

Very respectfully,

E. G. GRACE, *President*

No Danger to Ore Supply of Private Armor Plants

The *Manufacturers' Record* has been advocating a Government armor plant on the ground that it should be located in the South.

The grounds for this are set forth by Mr. Richard H. Edmonds, Editor of the *Record*, in a letter to Mr. C. M. Schwab, dated June 21. That letter in part said:

I wish you and your associates would consider this situation from the broad viewpoint of the extreme danger to the country, in the event of war, so long as our munition-making business, our armor-plate plants, and 95 per cent of our steel are wholly dependent upon an ore supply that could be instantaneously shut off.

If you for a moment say that there is no danger of the capture or the blocking of our ore supply, then you immediately say that there is no danger of war, and therefore no necessity for building up a navy and creating an army, and no reason, therefore, for making armor plate.

You know the industry too well not to recognize the dangers of the present situation. You know that in the event of war the entire limited supply of foreign ores could instantaneously be cut off.

You know that the 50,000,000 tons or more of Lake Superior ores, which come through the Soo Canal, could be shut off with equal facility and without a moment's warning. And yet all of your plants and all other plants in the country producing munitions of war, and the steel plants that produce 95 per cent. of the steel of the country, are subject to this danger.

The danger is exactly as real as the danger of war. If there is no danger of war with any outside power, then there is no danger of this upsetting of all the steel industry of the country. In that case, however, as just stated, there would be no necessity whatever for building a navy or constructing fortifications and equipping them with great guns.

Senator Tillman, Chairman of the Senate Committee on Naval Affairs, wired Mr. Edmonds, on June 21, as follows:

Of course, you know already that materials for making armor plate are found in Alabama, Virginia, and in Pennsylvania, to say nothing about other places. If the Lake Superior ores were not obtainable, we still would not lack for material to make armor. But the structural steel and other steel needed by commerce and the business interests of the country would be very difficult to obtain, of course.

On July 10, Mr. Schwab replied to Mr. Edmonds as follows:

Absence from the city has prevented an earlier reply to your letter of June 21st.

I regret that you have found it so necessary to urge the amendment of private manufacture of armor-plate and the substitution therefor of a Government plant. In view of the fact that the present private industry was established at the behest of the United States Government, we are unable to see the fairness or the justice of supplanting that enterprise with a Government plant, especially when no needs can thereby be served in the direction of national defense or of economy.

Your suggestion that the present armor plants are dependent entirely on Lake Superior ores is wholly without foundation. In the first place, it takes very little ore to make all the armor-plate which is necessary for the United States Navy in a year. There are ample deposits of ore for such purpose in Central Pennsylvania. Besides that, there is always a large amount of pig iron at the various iron and steel plants throughout the country, and the available supply of pig would at any time be sufficient to manufacture all the armor which might be required. Further than that, we are dependent upon the Soo Canal to obtain ores even from the Lake Superior region. Such ores can very easily be brought by railroad to Duluth and from there direct via Chicago to either Pittsburgh, Philadelphia or Bethlehem. Such ores can be brought quite as easily to any of these three points as to Alabama, where you suggest that a Government plant be located.

There is the further fact to consider that, if as you suggest, access of the United States to Lake Superior regions via the Soo Canal should be cut off, and the armor plate plants near the seacoast, such as at South Bethlehem and at Philadelphia, should be in possession of an enemy, it would be safe to assume that our entire seacoast would then have been captured, and our navy rendered powerless.

It would then be impossible to construct a naval ship on the seacoast, and armor whether manufactured at Pittsburgh or Alabama would be useless.

I hope you will appreciate from the foregoing that the argument on the ground of ore supply for a Government plant at some point "away from the coast and not depending on Lake Superior or foreign ores," falls to the ground.

Though every man ought to express his views exactly as he has them, I cannot but feel that the opposition of the *Manufacturers' Record* to private armor manufacture is based upon misinformation and faulty analysis of the facts as they are. If we can set you right, it would give us pleasure to do so. With that end in view, we shall be very glad to supply you with any information in our power.

What Six Members of Congress Say

The House Committee on Naval Affairs has recommended the passage of the Tillman Bill to appropriate \$11,000,000 to build a Government armor plant.

The six minority members of the Committee have also filed a report in which they say:

"Conditions are such in the world that we cannot forecast our future military necessities.

"Whatever we may decide eventually as to the wisdom of taking away from private enterprises the manufacture of armor and other munitions of war, we should not weaken our military situation in any direction at this time or during the years immediately following the close of the present war."

* * *

"The naval bill this year will carry an appropriation undoubtedly of more than \$200,000,000.

"This bill appropriates \$11,000,000 for an armor plate factory of 20,000 tons capacity.

"The estimates for this plant were made in 1913.

"Since that time labor and material have advanced in cost approximately (forty per cent.

"If this plant is built under present conditions or at any time during the continuance of the war in Europe, it probably will cost the Government \$15,000,000.

"We believe that this money could be spent more wisely at this time on the navy afloat than on the navy ashore.

"It seems to us that we are much more in need at the present time of a 'fighting navy' than a 'manufacturing navy.'"

(Signed) Thomas S. Butler, Pennsylvania
Ernest W. Roberts, Massachusetts
William Browning, New Jersey
John R. Farr, Pennsylvania
Patrick K. Kelly, Michigan
Sidney E. Mudd, Maryland

Part Two

What People
Are Thinking About
A Government
Armor Plant

Newspaper Editorials

Republished by

Bethlehem Steel Company

South Bethlehem, Pa.

What People Are Thinking

To Members of Congress and the Public:

Herewith are editorial comments from newspapers throughout the United States.

The Bethlehem Steel Company has been seeking frankly, earnestly and aggressively to present to the people of the United States the reasons against building a Government armor plant. The Company has done this for an admittedly selfish reason which we believe is also in the interest of the people of the United States.

When our campaign of publicity was instituted, the editorial sentiment of the country was almost unanimously suspicious or antagonistic.

We have felt, however, that our position was so strong that it could stand candid presentation. We have believed that once Congress and the people realized the facts which had been so much misunderstood both in Congress and elsewhere, the public would see that our position was sound.

Examination of the editorials published in the press of the whole country indicates a distinct sentiment on the part of the public that—

The way to deal with the manufacturers of armor is not by smothering private enterprise and by confiscating private investment, but by Government investigation of the facts and regulation of the industry in the public interest.

The people, we believe, now realize that our proposition is fair, and that our offer to the United States Government to make armor-plate upon the Government's own terms is a proposition not only of enlightened self-interest but in the broadest public interest.

Bethlehem Steel Company

CHAS. M. SCHWAB, *Chairman*
EUGENE G. GRACE, *President*

South Bethlehem, Pa.
July 15, 1916.

What People Are Thinking—Editorial Comment

Alabama

Birmingham News, March 23, 1916

THE BETHLEHEM STEEL PROPOSAL: AN ELEVENTH HOUR REPENTANCE

. . . That reduces the proposal to one of perfect fairness. If it is an eleventh-hour repentance and done only for the sake of self-preservation, the fairness of it as a business proposition is not altered.

The offer of President Grace would seem to be all that could be expected of business men. Whatever foolish threat was made by the manufacturers prior to the passage of the Senate bill need not be considered by that body.

The latest offer of the Bethlehem corporation deserves consideration, since it may mean a great saving to the people of the United States.

It is a business proposition, pure and simple, and should be treated as such.

If the \$11,000,000 provided in the Senate bill will erect a plant of sufficient capacity to produce all the armor plate necessary for the five-year naval program, well and good.

But if the Congress can secure a price from the private plants equal to what it would cost the Government to manufacture the plate, or a fraction more, it would seem to be an economical plan to let the private plants go ahead with the work.

If the work can be done at less cost by private corporations who have the necessary equipment installed, the question assumes a new aspect entirely.

Eleven million dollars, it occurs to us, is well worth saving. Eleven million dollars is enough to build a first-class battleship.

Birmingham Ledger, April 19, 1916

ANY ARMOR PLATE DEBATE SEEMS USELESS

. . . Those of us who do not know all the inside facts are inclined to think the Bethlehem company reasonable when it offers to make the plates under Government direction, at Government prices, for an indefinite period.

That looks reasonable. There is no good reason why the government should destroy a perfectly good armor plant and build another, if the above proposition holds good. Col. Hiliary A. Herbert, as Secretary of the Navy, said:

"The two armor contractors," the Bethlehem plant and another, "entered the business at the request of the navy."

That \$7,000,000 plant is surely good enough to make armor, and if the company is willing to make it at navy prices under navy specifications that ought to settle the armor plate debate definitely and at once. . . .

The latest offer of the Bethlehem corporation deserves consideration, since it may mean a great saving to the people of the United States.

*—Birmingham News
March 23, 1916*

What People Are Thinking—Editorial Comment

California

Stockton Mail, April 4, 1916

A THREAT IS SUFFICIENT

. . . No one can find fault with this offer to do business on a fair margin of profit, and it is not unlikely that it will be accepted by Congress.

That the Government has for years been robbed of \$30 or more a ton on armor plate is obvious, but if it can force the private plants to supply its needs for a reasonable consideration and thereby save the \$11,000,000 which would have to be expended to build a factory, it ought to do so. . . .

* * *

[If the Government accepts our offer to make armor plate at a price the Federal Trade Commission shall fix, it is obvious that investigation by the Federal Trade Commission will determine whether or not the Government has been robbed in the past.

Is it conceivable that we would agree to such a proposition if we did not honestly believe that a thorough examination would show that our prices in the past have been reasonable?

Bethlehem Steel Company.]

Modesto Herald, April 8, 1916

PUBLIC OPINION COURTED THESE DAYS

If the advance of popular Government has done nothing else, it has surely demonstrated the value of publicity.

In the old days, the big corporations and the legislators who represented them had little use for publicity.

Their main object was to keep the people in ignorance of what was going on and for public opinion they didn't give a hang.

Now all is changed. The people awakened several years ago and took a hand in the affairs of state and nation.

The interests, so-called, also awakened and began to realize that public opinion was a great power.

Instead of seeking the dark places they fell all over themselves to get public opinion their way and they are still at it, fairly deluging the press and

public with facts and figures showing their side of any matter that might be under discussion. . . .

The same change of attitude is true of national affairs. Just now the national Government is considering the matter of a Government-owned armor plate factory.

A few years ago the details of the matter would have been kept very quiet and very likely the bill would have been quietly killed without the public being consulted. In fact, the public would probably never have known that such a matter was before Congress.

But these are days in which publicity is courted and every day brings to every newspaper office in the land an open letter from the Bethlehem Steel Company, giving facts and figures why the Government should not own its own armor plate factory.

And in order to give weight to the argument, the Bethlehem Steel Company announces in these letters that it is willing to reduce the price of armor plate to the Government from \$425 a ton to \$395 a ton. (The weightiest argument for a Government plant was the price, which was claimed to be higher than charged foreign powers.)

In answer to this it was argued that should this offer be accepted and the Government plant not be built, the price of armor would soon start soaring again.

Now comes the Bethlehem Steel Company with another open letter to the members of Congress and, through the press, to the American people, in which it says, "We will agree to make armor at the reduced price named, for at least five years; or we will agree for an indefinite period to make armor at any price which the Federal Trade Commission may name as fair."

Imagine the steel trust coming out in the open with an offer like this before the days of regulation and the "freak" legislation which Big Business has cried so much about.

Verily, times have changed. The people are at least consulted now, even if they don't rule altogether.

What People Are Thinking—Editorial Comment

Colorado

Colorado Springs Gazette, June 3, 1916

JUST A BIT TOO LATE

The Bethlehem Steel Company has been just a bit too late in its adoption of the policy of publicity.

It conducted an able fight against the armor plate plant provision of the naval bill, and proved to the entire satisfaction of clear-thinking individuals that the expenditure would be utterly useless; but, nevertheless, the House, sitting as a committee of the whole, has passed by a vote of 165 to 91 the amendment to the naval appropriation bill carrying the \$11,000,000 for this Government enterprise. . . .

. . . But the policy came too late, and it is to be regretted. There was not time enough to bring any considerable public opinion to bear upon Congress.

Though, in view of what has happened in the case of the Army and Navy bills, and other measures recently, it is doubtful anyway whether congressmen can be persuaded or forced to do other than as they personally desire—which is to grab all the “pie” in sight while they can.

The House refused to take note of the fact that the Bethlehem Company, working on a continuous order, could manufacture armor plate much cheaper than could the Government; that it offered to produce the plate for any price named by a Government Commission; that it would be forced out of business should the new plant be constructed, thus depriving the nation of the benefits of plants well able to care for all the work that would come with an emergency, which the Government plant cannot do.

The Federal plant had not a leg to stand on, but that made no difference to the House and the Senate.

There was a chance to vote away millions, and such a chance could not be passed by.

**The Federal plant had
not a leg to stand on.**

—Colorado Springs Gazette
June 3, 1916

Denver Rocky Mountain News, June 1, 1916

THE NEW WAY OF LOBBYING

A new method of lobbying is developing popularity with those who have projects to further and interests to protect in which the public is concerned.

It is a vast improvement over the old methods which ignored the public and sought to persuade their representatives by subterranean avenues of approach.

The Bethlehem Steel Company is telling the people of the country why it is opposed to a Government armor plant and what it is willing to do in supplying the Government with armor.

There is much to commend in this direct and open policy of lobbying among the people. It is a psychologically good policy.

It bears the impress of frankness; it compliments the intelligence of the public; it disarms much criticism that would be aroused by the secretive methods that were once the only methods employed.

But, perhaps, the most significant fact suggested by this popular lobby is the development of a better atmosphere in business and politics, an atmosphere in which the old-time lobbyist can no longer breathe freely and work effectively.

It is no new thing for business interests to seek the shaping of favorable public opinion, but in former days the work was done by means more subtle and less honorable.

Purchasable newspapers disguised the ulterior motive in editorial appeals that pretended to be disinterested. Most of them have gone the way they deserved to go, paying the penalty for their betrayal. Any that remain live from hand to mouth and exercise no appreciable influence.

The people have become wise. And so business now talks openly, over its own signature, and wins the respectful hearing to which its better attitude entitles it.

The agitation, the exposures, the muckraking of the last two decades have been disturbing, but the net result is wholesome.

We have made progress, and the new way of lobbying is one of the evidences.

What People Are Thinking—Editorial Comment

Connecticut

New Haven Journal Courier, March 24, 1916

A WISE UNDERTAKING

There is serious question as to the wisdom of Government ownership of an armor-plate plant.

At the very thought visions of more pork in the barrel rise up. The inefficiency and waste with which Government ownership is commonly associated are disturbing probabilities.

If our program of increased defenses calls for extensive manufacture of armor-plate for the navy and munitions for the army, the whole subject of private and Government direction will in all probability be debated and determined.

Should it be found that private ownership would make unfair exactions upon the federal treasury, a way would have to be devised to put a stop to it.

Certainly a lack of consideration for the nation's expenditures would not be tolerable.

But is the first step which Congress appeared to be taking toward meeting this situation as safe and sane as it ought to be? It does not seem so.

Bridgeport Telegram, March 27, 1916

ROARING FOR MERCY

... There is no particular need for a Government plant, provided that existing private plants are willing to manufacture armor plate of the requisite quality at a price which is reasonable.

The demand for a Government-owned plant exists only because the armor trust in the past has not been reasonable, but has demanded exorbitant profits. . .

* * *

[We believe that our prices in the past have been reasonable. Certainly they have been less than has been paid for armor by any of the other great naval powers. At any rate, under our offer the Government is absolutely protected.]

Bethlehem Steel Company.]

Hartford Courant, May 4, 1916

ELEVEN MILLIONS FOR A FAD

... The appropriation for this proposed Government plant is \$4,000,000 larger than the cost of the Bethlehem Steel Company's armor plant.

The Bethlehem people make a formal offer of the use of their plant at cost prices. Cost prices are all that we could get out of this \$11,000,000 Government-owned plant, and these prices we can get out of the Bethlehem plant.

By using this Bethlehem plant we can avoid spending over again the \$7,000,000 which this Bethlehem plant cost, and also the \$4,000,000 extra which this bill adds to \$7,000,000 as the cost of a Government plant.

If it is economy that we are after, the way to secure it is to use the armor plate plants that we now have, and devote this \$11,000,000 to some public purpose that has no fad of Government ownership behind it.

If it is economy that we are after, the way to secure it is to use the armor plate plants that we now have, and devote this \$11,000,000 to some public purpose that has no fad of Government ownership behind it.

—Hartford Courant
May 4, 1916

What People Are Thinking—Editorial Comment

Delaware

Wilmington Every Evening, April 4, 1916

THE GOVERNMENT AND ARMOR PLATE

. . . And there is not a citizen of ordinary intelligence who will not come to the conclusion, no matter what he may express openly, that the best interests of the Government and the people would be served by an acceptance of the steel company's offer.

How governments in general conduct operations of this character is well known.

Government operation of such enterprises almost invariably is more expensive and less effective than private operation.

A Government plant would make armor plate more expensive, not cheaper.

Congress will render the public no service, but inflict injury upon it, by engaging in the proposed venture.

A Government armor plant would make armor plate more expensive, not cheaper.

—*Wilmington Every Evening*
April 4, 1916

District of Columbia

Washington Post, May 25, 1916

THE ARMOR PLATE ISSUE

. . . There is no logic in the demand for an armor plate plant.

The only purpose it could serve would be to give further encouragement to those who are advocating Government ownership all along the line.

It will be a costly experiment. There is not the slightest assurance that the cost of manufacture at a Government plant would be as low as the cost of manufacture at the well-organized and experienced private plants.

The Butler amendment will not merely save the Government \$11,000,000, but may actually save several million dollars annually in equipment.

Washington Post, April 12, 1916

NO NEED NOW FOR A GOVERNMENT ARMOR PLATE PLANT

The published statement of the Bethlehem Steel Company addressed to the members of Congress covers so fully the entire armor plate situation and is so eminently fair to the Government, so extremely favorable for the country, that it has left the proposition to establish a Government armor plate plant **without a foot to stand upon.**

With this most open and frank statement of the company before the people of the United States, there is not left the slightest justification for any expenditure by the Government for such plant, and in this time of deficient revenues and heavy expenditures for imperative needs of the country, it leaves no room for indulgence in appropriation of millions of dollars for experimental exploitations in the domain of manufacturing. . . .

It will be a costly experiment. There is not the slightest assurance that the cost of manufacture at a Government plant would be as low as the cost of manufacture at the well-organized and experienced private plants.

—Washington Post, May 25, 1916

What People Are Thinking—Editorial Comment

Georgia

Atlanta Constitution, May 25, 1916

THE RIGHT WAY TO DO IT

The Bethlehem Steel Company has begun a series of advertisements in more than three thousand daily and weekly newspapers in the United States, with a view to informing the public upon its side of the controversy growing of the proposition looking to the establishment of a Government armor plant.

In the first advertisement of the series it calls attention to the fact that the United States is now buying armor plate from the private manufacturers at a price less than that paid by any other of the great naval powers; and it asks why the Federal Government should invest \$11,000,000 in a plant under these circumstances when, after the initial expenditure is made, it can manufacture armor plate no cheaper than it can buy it.

The assertions in this statement are evidently to be amplified with evidence supporting them in the campaign which the Bethlehem Company has undertaken.

The company is no doubt assured of the justness and correctness of its position, else it would not have set out to attempt to educate the people of the United States to its contention.

The Bethlehem Steel Company adopted and is pursuing the correct policy.

The American public is not an unfair or a prejudiced court.

Given both sides of a problem, it makes up its mind on the basis of the evidence presented, and ballot box decisions following free and complete discussion never go far wrong.

Failure to take the public into their confidence has been the stumbling block of railroad and other corporations throughout the country on more than one occasion.

There is no doubt that the public is suspicious; mystery and secrecy have always been the greatest cause for imputation of venality and criminality.

The Pennsylvania Railroad Company has made more friends not only in its own territory, but the country over, through its policy of inviting the public confidence through the newspapers, than it

could have done by any other method in a thousand years.

Other corporations which have tried this system have discovered the advantages of it.

These advantages and opportunities are there for those who will take them. . .

. . . How much better would be the relations between the people and all of the great corporations that serve them if the corporations would but get this viewpoint and act upon it.

Savannah News, May 24, 1916

FRANK TALK TO THE PUBLIC

In the past it has happened a good many times that whenever anybody wished to get his side of a controversy before the public he wrote a letter to a newspaper to be published free of charge, or sought to have himself interviewed, at no cost to himself.

And where there was real news value in the letter or the subject matter of the interview the newspaper was glad to publish it; but the complaisance of the newspaper was abused and used until, as every newspaper man knows, this matter of giving away space to anybody and everybody for the airing of his private views and for his private profit became a nuisance—and a costly one, to the newspaper, at that.

Because of all this, it is worth while to call attention to the policy of the Bethlehem Steel Company in which Charles M. Schwab is the principal figure.

This company is opposed to the building of an \$11,000,000 armor plate factory by the Government.

As to whether it is right or wrong, or whether the Government should or should not build the plant, this present discussion is not concerned.

The important thing, at this moment, is that the company, instead of hiring a press agent to work off on the newspapers of the country a lot of publicity stuff, to be printed free and handed to the public as news, is buying such newspaper space as it thinks it needs and is stating its position frankly and squarely in what, as is apparent to everybody's eyes, is an advertisement.

What People Are Thinking—Editorial Comment

Georgia—Continued

It may be that the public will not agree with the Bethlehem Company and it may be that it will; but, either way, it will know that the company has come before it and is saying its own say and paying for the privilege of saying it; and is not endeavoring to slip something into a newspaper that is an advertisement of the Bethlehem Company but apparently is a news item.

Some persons and some concerns frankly try to "work" the newspapers; other persons—perhaps because the abuse has been permitted so long—actually think they have the right to use the newspapers to publish something of interest to themselves alone, that will put money into their pockets.

A vivid contrast with either of these classes is very refreshing.

The Bethlehem Steel Company adopted and is pursuing the correct policy.

The American public is not an unfair or a prejudiced court.

Given both sides of a problem, it makes up its mind on the basis of the evidence presented, and . . . decisions following free and complete discussion never go far wrong.

—*Atlanta Constitution*
May 25, 1916

What People Are Thinking—Editorial Comment

Illinois

Chicago Herald, March 26, 1916

REDUCTION IN ARMOR PLATE COST

. . . Several papers see in the new offer a direct result from the Government's tentative plan to disregard armor plate manufacturers and join the New York World in referring to the manufacturers as the "chastened armor plate trust."

The World thinks the offer fair, says that private manufacture should be encouraged, and that Government plants "are not an end in themselves, but only a means to important ends."

So long, therefore, thinks the World, as manufacturers do not seek to extort unwarranted profits from the Government, and are willing to do the Government's work properly and expeditiously, there need be no talk of Government endeavor in this direction. . . .

Chicago News, May 26, 1916

GOING TO THE PEOPLE

Big business concerns which have extensive relations with the Federal Government should adopt the excellent new policy now being followed by the Bethlehem Steel Company.

It is going to the people to present its case instead of resorting to the old practice of employing lobbyists to work under cover.

Mr. Schwab's great corporation admits that heretofore it has made a mistake in keeping silent.

It promises to adhere no longer to that mistaken policy.

The Bethlehem Steel Company has been supplying the Government with armor plate for battleships.

It has in existence a valuable plant, useful primarily only for the purpose of making armor plate for the United States Navy.

Members of Congress assert that the prices charged for armor plate by the company were exorbitant.

There is pending in Congress a measure authorizing the establishment of a Government armor plate plant to cost \$11,000,000.

Passage of this measure would serve to reduce very much, if not destroy, the value of the armor plate plant of the Bethlehem Steel Company.

The officers of the corporation assert that they are prepared to manufacture armor plate for the United States at prices which the Government itself shall fix as being fair.

They argue, therefore, that for the Government to go into the armor plate business would be both a waste of public funds and an injustice to the American citizens who have made a large investment in an armor plate plant.

Whatever the merits of this controversy may be, the officers of the Bethlehem Steel Company are to be commended for taking the discussion of the issues involved frankly to the American people.

In return for this showing of frankness and of confidence in the people's desire that justice

Certainly it is the worst possible policy for the Government to go to manufacturing armor plate if it can get a satisfactory product at an honest price from a manufacturing concern equipped to perform the service.

—Chicago News, May 26, 1916

What People Are Thinking—Editorial Comment

Illinois—Continued

shall prevail, the people ought to study the arguments presented to them by the corporation.

Certainly it is the worst possible policy for the Government to go to manufacturing armor plate if it can get a satisfactory product at an honest price from a manufacturing concern already equipped to perform the service.

Chicago Herald, May 27, 1916

A BUSINESS PROPOSITION

The Bethlehem Steel Company, in advertisements it is now publishing, frankly admits that it has made a mistake in business policy.

The mistake was in keeping quiet under repeated accusations that the armor manufacturers have "gouged" the Government.

These accusations have so often been made without public refutation that they have come to be believed.

As a result the Senate has passed a bill proposing to spend \$11,000,000 as a starter on an armor plant.

We are not dependent on the assertions of armor makers for evidence that the United States has been paying less for armor than other nations. Senator Weeks, in a comprehensive speech on March 16, in opposition to the pending bill, showed from official records that armor prices the year before the war were: In Austria, \$511 a ton; in Russia, \$510; in England, \$503; in Germany and Japan \$490; in France, \$460; in the United States, \$425.

In view of the fact that wages are lower in all these countries than here, it seems clear that the margins of profit obtained by the American makers are by no means excessive.

The Bethlehem Steel Company publicly offers to make armor for an indefinite period at whatever price the Government shall fix.

It is difficult to imagine a fairer business proposition than that.

It is difficult to
imagine a fairer
business proposition
than that.

—Chicago Herald
May 27, 1916

In the light of it the sinking of \$11,000,000, just as a starter, in a Government plant will be hard to justify to the business sense of the American people.

Chicago News, July 6, 1916

THE COST OF ARMOR PLATE

In its latest announcement to the public on the subject of armor plate the Bethlehem Steel Company presents an appeal for desirable publicity. It is an appeal that cannot permanently be ignored by interested lawmakers at Washington.

The national House of Representatives has passed the measure appropriating \$11,000,000 for the construction of a Government plant for the manufacture of armor plate.

An amendment providing that books be so kept in connection with the plant as to show exactly how much armor plate costs when made by the Government was voted down.

In commenting on this action the Bethlehem Steel Company says: "Advocates of a Government plant expect to get armor cheaper. Why, then, refuse to look facts in the face?" The people, as the company asserts, are entitled to know the exact cost of the Government-made product.

This demand for publicity should meet with public approval, even though it is made by a private con-

Illinois—Continued

If the steel companies are willing to go two-thirds of the way, it would seem as though the administration might manage to hobble the other one-third and see if they cannot get together and save some of the public funds.

—*Peoria Star*, June 1, 1916

cern that admittedly has an interest in preventing the Government from going into the armor plate business on its own account.

If the armor plate plant appropriation is to be approved by the Senate, that body at least should insist upon the adoption of accounting methods showing whether the venture is wise from a commercial point of view.

The Government should let the people know how undertakings managed by it directly affect the interests of the taxpayers.

same belated conclusion was reached by the railroads of the country and by many public utilities which despaired of getting a square deal from political lobbyists and public office-holders.

Nothing is gained by a corporation which yields supinely to misrepresentations and abuse.

The people not only are the final judges of corporate action, but they are the most merciful ones when the facts are substantially submitted and reiterated with such frequency as to fix them in the public mind. . . .

Peoria Transcript, April 16, 1916

PUBLICITY THE BEST POLICY

The Bethlehem Steel Company, in Circular No. 9, makes this significant statement:

"The mistake of the Bethlehem Steel Company has been that it kept quiet. We have allowed irresponsible assertions to be made for so long without denial that many people believe them now to be proven facts."

Without considering the merits of the steel company's argument against the proposed Government armor plant, the confession merits comment. The

Nothing is gained by a corporation which yields supinely to misrepresentations and abuse.

The people not only are the final judges of corporate action, but they are the most merciful ones when the facts are substantially submitted and reiterated with such frequency as to fix them in the public mind. . . .

—*Peoria Transcript*
April 16, 1916

What People Are Thinking—Editorial Comment

Illinois—Continued

Peoria Star, June 1, 1916

ARMOR PLATE

. . . Inasmuch as the Bethlehem Steel Company is now willing to do everything the Government wants and will do it at the Government's price, it would seem to the average man that the best thing the Government can do is to forget the past and take advantage of the future.

If the steel companies are willing to go two-thirds of the way, it would seem as though the administration might manage to hobble the other one-third and see if they cannot get together and save some of the public funds.

The people are paying a war tax of nearly a hundred million dollars a year now.

Why keep adding to it?

The Rockford Register Gazette, May 23, 1916

"PORK" IN THE ARMOR BILL

. . . The Bethlehem Company makes the plain assertion that a Government plant cannot make armor any cheaper than it can make it, and the Bethlehem Company is prepared to manufacture armor at any price which the Government itself shall name as fair.

This being true, why should \$11,000,000 of the people's money be wasted to build a Government plant?

The Government should not engage in the production of any article in competition with private corporations, where the latter will agree to furnish the article as cheaply as the Government itself can make it.

The Government has enough on hand to attend to now, and the people are already too heavily burdened with taxes to justify any expensive experiments on the part of Uncle Sam.

The Bethlehem Company has a tremendous investment and is a heavy employer of labor.

It understands the armor plate business better and more thoroughly than the Government can understand it after it has had years of costly experience.

The House of Representatives should defeat this Democratic "pork" bill.

Elgin News, April 4, 1916

PATRIOTS

Not all the patriots of the land are in the halls of Congress nor in politics. In case of stress there are many men outside that would be of far more service to this Government than any or all of those that have so much to say against big men and the big business they have built up.

For instance here is the offer made to the Government by the Bethlehem Steel Company in regard to armor plate which the Government proposes to manufacture itself: . . .

The Government has enough on hand to attend to now, and the people are already too heavily burdened with taxes to justify any expensive experiments on the part of Uncle Sam.

—The Rockford Register Gazette, May 23, 1916

Indiana

Indianapolis News, April 24, 1916

THE BETHLEHEM ARMOR ARGUMENT

The Bethlehem Steel Company is spending a considerable sum of money on printing and postage.

It has on its mailing list, presumably, every newspaper of any consequence, and every congressman, whether of consequence or not.

The company is determined to give full publicity to its side of the armor plate controversy. The campaign is being carried on with energy.

The company has issued its twelfth bulletin, supplemented by a signed statement from six minority members of the House Committee on Naval Affairs. This committee has favorably reported the Tillman bill to appropriate \$11,000,000 for a Government armor plant. The minority calls attention to certain statements which are worthy of consideration.

The naval bill this year will carry an appropriation undoubtedly of more than \$200,000,000. This bill appropriates \$11,000,000 for an armor plate factory of 20,000 tons capacity. The estimates for this plant were made in 1913. Since that time labor and material have advanced in cost approximately 40 per cent. If this plant is built under present conditions,

or at any time during the continuance of the war in Europe, it will probably cost the Government \$15,000,000. We believe that this money could be spent more wisely at this time on the navy afloat than on the navy ashore. . . .

Terre Haute Star, May 26, 1916
Indianapolis Star, May 25, 1916
Muncie Star, May 24, 1916

TOO MUCH GOVERNMENT OWNERSHIP

The Bethlehem Steel Company is making an appeal to the public which should be heeded and impressed upon the people's representatives in the Lower House of Congress.

It is giving publicity to data that were known to the Democratic Senators when they passed the bill to provide for a Government-owned armor plate plant.

The figures, which are in the public records and would not be presented if they are false and could be easily refuted, show the shallowness of the contention that the Government is being held up on armor plate. . . .

... The chief object is to prevent the Government from being imposed on and to be assured of capacity to turn out armor plate.

The agitation has had a good effect, but there does not seem to be any need for the proposed legislation.

—Indianapolis News, June 2, 1916

What People Are Thinking—Editorial Comment

Indiana—Continued

... It is high time for the people to make themselves understood in Washington.

No one who has taken even superficial notice of governmental effort believes that any one of the three proposals will result in anything except great waste, and vastly increased supplemental appropriations. Our Government is in the hands of a lot of impractical visionaries and intensely practical promoters, who should be made to understand public sentiment without further delay and before they have committed this country to a disastrous program of public ownership.

Indianapolis News, June 22, 1916

TRAINED INDUSTRIES

... There is little, if any, disposition to take advantage of a war. Under such a system the Government would obtain a maximum efficiency at a minimum expense. It would do away with the necessity for many Government plants, although some, of course, should be maintained.

Dependence would naturally be placed on the registered factories, from each of which certain material could be expected at a reasonable cost.

In this connection it is significant that the Bethlehem Steel Company now proposes to make armor plate for the Government "at cost."

This, explains the head of the company, is not "a deathbed repentance."

It is an indication that the steel company has caught the spirit of industrial preparedness.

The Dearborn Independent, June 30, 1916

AN IMPROPER APPROPRIATION

The Independent cannot agree with the majority in Congress as to the propriety of appropriating millions of dollars to establish a Government armor plant, not only for the reason that the entrance of the nation into commercial lines is undemocratic in principle, but because the duplication of existing and sufficient producing capacity is an economic mistake.

The only ground that can be offered is the inability of private plants to supply the needs of the country.

This is admittedly not the case, for except in extraordinary times present capacity exceeds demand, and existing plants can easily enlarge if the situation warrants. In fact, half the cry for increased armament is born of the fear that extensive industrial works now occupied in foreign trade will be forced into idleness when the war in Europe ends. There has already been a woeful economic waste in investment for the satisfaction of a demand that can be but temporary.

It is argued that the Government can produce more cheaply than it can buy. This is not at all certain; and experience positively denies it, even in cases where there is permanence in the demand. To-day private business owners find it economy to buy of specialized industries, even where already fitted to produce.

A remedy for overcharging the Government rests with its own agents. In case of emergency they can take charge of and dictate the price, provided of course they allow a reasonable figure.

It is claimed the United States has been enjoying lower prices for armor plates than has any other country. If this is a fact there is no reason why the Government should desire to change. Not only that, but an existing steel company offers armor plate at a lower figure than ever, and even offers to let the Navy Department name a price.

For such reasons we are opposed to the waste of money in the direction of a Government plant.

New Castle Times, April 1, 1916

THE ARMOR PLATE BILL

... Now that a bill is in Congress for a Government plant the Bethlehem Company has offered to furnish plate to the Government at less than \$400 a ton for the next three years, or it will make the plate on a percentage basis, the Government putting inspectors in the plant to keep an accurate cost of every operation.

Since this offer has been made it is likely that the Government will not engage in the business, as it is the fixed policy not to do anything that can be done in a private way as well as economically.

What People Are Thinking—Editorial Comment

Iowa

Des Moines Register and Leader, April 11, 1916

BETHLEHEM BULLETINS

The sudden interest the Bethlehem Steel Works are taking in newspaper publicity is one of the manifestations of the season worthy of more than passing notice.

We do not know that Mr. Schwab's company ever had a mailing list before the Senate passed the bill for a Government plant.

But it assuredly has one now, and it is being used to make up for lost time.

The daily bulletins of the great steel corporation are, of course, very much in the nature of locking the door after the horse is gone.

If such a campaign was worth while at all it was needed before Senator Tillman's armor plate bill had been put to vote.

But better late than never is not a bad motto for this and a number of other industrial organizations. The Standard Oil Company might take a lesson from Bethlehem troubles.

Sooner or later they all come to recognize that the people are entitled to know.

Des Moines Register and Leader, April 17, 1916

PUBLICITY

In the ninth bulletin issued by the Bethlehem Steel Corporation since the Tillman Government armor plate bill passed the Senate, Mr. Schwab and his associates make an announcement of the utmost significance to everybody.

Prefacing the announcement with this statement: "The mistake of the Bethlehem Steel Company has been that it kept quiet.

We have allowed irresponsible assertions to be made for so long without denial, that many people now believe them to be proven facts."

Mr. Schwab as chairman, and Eugene G. Grace as president say officially:

"We should make the mistake of silence no longer. Henceforth we shall pursue a policy of publicity. Misinformation will not be permitted to go uncorrected. It is and has been the policy

of our Company to deal with the American Government in the frankest and most liberal manner. We expect henceforth to place the details of all these relations before the American people. We have offered to make armor for the Government at any price the Government shall name as fair. Certainly the widespread publication of such an offer is an effective challenge to our own good faith."

Anyone can see at a glance that the effect of this will not be confined to Bethlehem Steel.

The policy of every great industrial corporation will be influenced, if not directly modified.

The old notion of secrecy will be discredited among business leaders. . .

The Keokuk Daily Gate City

BETHLEHEM COMPANY PUBLICITY

Suspicion is the father of discontent, and some people are never satisfied.

Had they nothing to find fault with and were life forever to move in a smooth channel it is a safe bet there would be those prone to complain.

Writers in the press who make capital of attacking "big business" condemn the Bethlehem Steel Company's advertising campaign against the naval bill's armor plant provision on the ground that it is an attempt to play politics by appealing to the public.

The method of the Bethlehem Company's propaganda is obviously right and is exactly in accord with the policy which critics of business are always clamoring for.

Here is a great corporation frankly discussing its business in the open.

When corporations are silent in regard to their affairs they are condemned for star chamber methods of procedure; when they publish the facts of their business to the public they are condemned for trying to confuse the public mind.

There is no justice or sense in this sort of carping.

Why not be fair?

What People Are Thinking—Editorial Comment

Iowa—Continued

Ottumwa Courier, March 31, 1916

ARMOR PLATE PRICES

... If the Congressmen are interested in saving money for the Government;

If they are interested in bettering our industrial situation;

If they are interested in national prosperity rather than in something to parade before the people as a fake public benefit;

They will investigate the facts submitted by the Bethlehem Steel Company, to see whether the supposed advantages of Government manufacture of armor plate are real or merely theoretical.

Ottumwa Courier, June 3, 1916

AN UNNECESSARY SLAP

... Proofs were submitted and not contradicted, that armor plate, per ton, costs the Government of the United States less than any other first class power.

The armor plate makers are willing to reduce the cost even further, rather than have their expensive factories and machinery rendered useless by the establishment of the Government plant.

They submitted a fair proposition and it was turned down.

Now Congress is going into the armor plate business for itself and is going to start off with an expenditure of \$11,000,000 for a plant.

That means private capital will cease to be interested in the making of armor plate. It will be up to the Government to enlarge its plant so that it can take care of the country's needs in time of war.

It looks as though in taking a step which will undoubtedly discourage the erection of privately owned munitions works, Congress has been the very first to grievously offend against the new spirit of industrial preparedness.

Ottumwa Courier, July 6, 1916

PRICES ON ARMOR WANTED

The proposal was made in the United States Senate yesterday that steps be taken to determine a fair price for armor plate manufactured by private corporations. Thus far Congress has shown an intention to proceed with Government manufacture of armor without regard to its real cost and merely to "take the profit out of war." It seems that the publicity work of the Bethlehem Steel Company, in its efforts to show that it is selling the United States better armor plate at less cost than is the case with any European firm and country, is exciting enough public interest to compel Congress to look into the matter.

Figures compiled by the Bethlehem Steel Company and designed to show that Government manufacture of armor will be an extravagance and an imposition on the taxpayers, have enlisted many people on that side of the proposition.

No great corporation need be afraid of coming squarely before the American people if it comes frankly and without the purpose of deceit.

The people are fair when they know all the facts, and the policy of corporation publicity will place the facts before them.

—Dubuque Telegraph-Herald
May 31, 1916

What People Are Thinking—Editorial Comment

Iowa—Continued

Dubuque Telegraph-Herald, March 31, 1916

A GOVERNMENT ARMOR PLANT

In the annual report of the Bethlehem Steel Corporation, Charles M. Schwab says:

"We will agree to permit any well-known firm of chartered public accountants to inventory our plant and make careful estimates of the cost of manufacture; with that data in hand we will meet with the Secretary of the Navy and agree to manufacture armor at a price which will be entirely satisfactory to the Secretary of the Navy as being quite as low as the price at which the Government could possibly manufacture armor on its own account, after taking into account all proper charges."

This proposition not only meets the Government half way, but all the way.

It cannot make the case for Government ownership feel particularly proud of itself.

Yet papers like the New York World wax richly ironic over Mr. Schwab's statement that a Government armor-plate mill would render useless the \$7,000,000 invested in Bethlehem's plant. "Stockholders during the year," says the World, "had to endure a rise in the market price of their shares from around \$46 to \$600, now off to \$520. If the company had charged to depreciation the whole armor plant cost, there would have been left for common shareholders a profit on the year of hardly 70 per cent."

The Bethlehem Steel Corporation is admittedly prospering. On that account, no doubt, it owes the World and the rest of the country an apology.

But this prosperity alone is not sufficient to justify the Government in virtually destroying \$7,000,000 in private capital, and devoting \$11,000,000 of public capital to the purpose of making armor plate more costly to the navy than it is now.

Dubuque Telegraph-Herald, May 31, 1916

GOING TO THE PEOPLE

When great, rich and powerful corporations learn to appeal to the people as to a court of fair play, great progress has been made in democracy in this land of the free, and we are getting on.

And that sort of thing is becoming common.

The latest corporation to do it is the Bethlehem Steel Company, which has begun a country-wide advertising campaign to set forth its case—and what is, in its opinion, the nation's case—against Government munition factories.

Placing all its cards upon the table, it proceeds to argue its cause before the supreme court of public opinion.

Regardless of the merits of the case, this procedure cannot fail to win appreciation. It is a refreshing change from the old methods of corporations.

It used to be that the people were the very last they turned to.

If they had something to beat or something to put over, they went to the man who pulled the strings, and the party bosses saw the legislative bosses and the thing was done.

That day is gone—or going rapidly—and there is no better evidence of that than such tactics as these new ones of the Bethlehem Steel Company. . . .

No great corporation need be afraid of coming squarely before the American people if it comes frankly and without the purpose of deceit.

The people are fair when they know all the facts, and the policy of corporation publicity will place the facts before them.

The Herald is glad to praise this new policy of Bethlehem Steel, even though it does not entirely agree with the company's case.

There is something innately wrong in having private profits flow out of the manufacture of the tools of war, profits so attractive that it is a paying investment for munitions manufacturers to inculcate the spirit of war. We know that they have done that in Europe, and we know that if there are no private profits in the industry in this country, there will be no temptation for anybody to stir up the war spirit here.

Nevertheless, many honestly differ with this view and they have a right to their opinions. We can believe that Bethlehem Steel is wrong, and still applaud the wisdom of its decision to lay its case before the people.

What People Are Thinking—Editorial Comment

Iowa—Continued

The Keokuk Daily Gate City, June 5, 1916

TILLMAN SEES THE LIGHT

Senator Tillman, who is chairman of the Senate's Naval Committee, has said that it would be unfortunate for the navy to manufacture its own armor; that "it would be better if we should have the manufacturers supply the Government at a reasonable price."

No intelligent person will question the soundness of this view.

If the Government makes armor under the plan that has been proposed, it will waste \$11,000,000 of public money, and by destroying a private industry eliminate an important factor in national defense.

The question whether private manufacturers will sell at a reasonable price has been answered by the Bethlehem Steel Company, which offers for an indefinite period to make armor on terms to be fixed by the Government.

Certainly nothing could be more reasonable than this proposal.

This proposition meets the Government not only half way, but all the way.

—Dubuque Telegraph-Herald, May 31, 1916

What People Are Thinking—Editorial Comment

Kansas

Smith County Pioneer, May 25, 1916

GOT ITS DANDER UP

The Bethlehem Steel Company has got its dander up.

They say they are dealing squarely with the American Government, and are buying space in this paper to prove it.

They say the mistake of the Bethlehem Steel Company has been that it has kept quiet.

Big business men don't find time to "pop off" all the while and get their names in the papers, and they get roundly abused.

But the Bethlehem will stand for it no longer.

Henceforth they will have something to say for themselves, and are paying the newspapers for advertising space to say it, which is somewhat different from the reformers who want the space for nothing.

What People Are Thinking—Editorial Comment

Maine

Portland Express and Advertiser, April 3, 1916

FEDERAL MUNITIONS PLANT

. . . The insincerity of those who insist on the establishment of a Government plant is shown by their unwillingness to provide for the system of strict cost-accounting which was urged by Senator Weeks and other Republicans.

Lewiston Journal, March 24, 1916

. . . As long as private plants are disposed to be fair they should not be crowded from the field.

When competition is once shut out there is danger of deterioration of the material, as many inventors would quit the field.

Even Germany, whose efficiency has been the wonder and admiration of the world, does not tie the making of armor plate down to Government workshops. Let us kill the monopoly features of the business and at that point stop Government expansion of the industry.

Too much Government ownership might cause another boom in the line of Congressional pork.

Besides, it is by no means certain that any great naval expansion will be needed. The horrors of the present war may be the means of all nations finding some other method of settling disputes. . . .

. . . As long as private plants are disposed to be fair they should not be crowded from the field.

—Lewiston Journal, March 24, 1916

What People Are Thinking—Editorial Comment

Massachusetts

COMING TO TERMS

. . . There is wide public feeling that a Government-owned plant might prove a costly and unsatisfactory experiment.

It may be sound policy for the Government to accept the steel men's offer and for the present, at least, hold in abeyance the proposal for a Government plant.

—*Brockton Times*, May 29, 1916

Boston Journal, March 27, 1916

ABOUT ARMOR PLATE

. . . The steel people have done no "knocking."

Theirs is only a protest against the general principle of Government ownership of any established and efficient industry.

There have been no figures to show that the Government could make armor either better or cheaper than the private plants.

The Tillman bill's support comes largely from politicians who seek to strengthen themselves by old-fashioned methods of opposing all big business enterprises. . .

Boston Journal, April 13, 1916

ABOUT PORK FACTORIES

. . . The Tillman armor plate bill, which has passed the Senate and is making friends in the House, establishes an \$11,000,000 plant for Government manufacture of armor.

That would be a first step toward political seizure of the whole or a large part of the munitions trade.

The political jealousies bred in an \$11,000,000 plant where fat jobs were being handed out like campaign cigars, would make further manufacturing a strong political object.

A score or so of factories, located in populous voting districts, would be a fairly handy asset to the party in power.

Boston Journal, June 26, 1916

A WHOLESOME SIGN

In seeking to prevent an appropriation for a Government armor plant the Bethlehem Steel Company has been frank in stating selfish reasons.

The company, which has an investment of \$7,000,000 in its armor plant, is willing to sacrifice its usual armor profits in order to safeguard the \$7,000,000, and agrees to furnish armor at a price covering fixed charges, the Federal Trade Commission to determine those charges. "Bribing the Government," the enemies of big business have charged in denouncing the steel company's proposal.

But more liberal minds have stopped to investigate, and they make no such charge.

The company is striving simply to save investors the loss of \$7,000,000, which would be wiped out by a Government monopoly of the armor industry.

It has made good plate, at prices lower than those obtained by any other Government on earth.

Its greatest offense, as cited by its enemies, is that it has sold plates abroad cheaper than at home; and that offense, we now find, was committed only in the sale of sample lots.

The profit may have been too high—the company probably charged all it dared, as most American business enterprises do. But that seems a poor reason for putting a great industry out of business. .

. . . The company maintains no lobby at Washington.

In its publicity matter it appeals only to the public, inviting public opinion to prevent what it considers an injustice.

Massachusetts—Continued

This practice of inviting public opinion is new—too new, perhaps, to have its effect in this instance.

The railroads and the great manufacturing interests formerly did their offensive and defensive work through agents in Washington. Now they appeal to the public.

The public, unused to making decisions, doesn't quite understand the new responsibility yet.

In the past the public hasn't been accustomed to hear much about business laws until those laws were on the statute books. . .

The Boston Commercial, April 1, 1916

THAT ARMOR PLATE PLANT

. . . The voters will do well to bear in mind the fact that Government-owned enterprises do not pay taxes, while those under private ownership do. Every industry taken over by the Government saddles just so much more taxation, and its own yearly deficit in addition, on taxpayers in general.

It should also be borne in mind that unprofitable enterprises are a menace to the future welfare of the country and its people. Profits create the fund that pays for industrial expansion and progress and upon these the prosperity of all depends.

The Bethlehem Steel Company offered to show its books and then take contracts for armor plate at prices which the Government, after obtaining full information as to costs, might determine to be fair. It was a generous offer, for there is no good reason why a corporation which happens to be equipped to supply something the Government purchases should do the work at cost, while the other corporations and individuals who pay no greater taxes proportionately are using their facilities profitably serving the general trade.

This armor plate plant scheme, however, is in keeping with the idea which a number of politicians have been trying for several years past to popularize, namely, that the Government is entirely independent of the tax-paying public, that it has the unquestioned right to single out prosperous corporations and individuals and punish them whenever the party in control at Washington thinks it can best serve its political ends by resorting to such a course.

Haverhill Gazette, May 4, 1916

MUNITION SUPREMACY

. . . The real significance of Mr. Schwab's statement, however, lies in the sense of security it conveys to the American public at this time.

While the people as a whole may not be directly interested in the marvelous production of the Bethlehem works, or in the details of shares and dividends, it is gratifying to know that in any great international crisis that might force the United States into war, we will find our munition plants equipped and ready to meet the emergency.

Despite our natural abhorrence of war and the universal American sentiment against it, should we be called upon to defend our national honor, our greatest need will be the very products that the Bethlehem Company and other great munition plants stand ready to furnish in such abundance.

This seems to be one phase of preparedness that has developed automatically, and in a possible crisis it may spell American supremacy.

The Govern-
ment armor plant
scheme is a piece
of folly.

—*New Bedford Standard*
April 12, 1916

What People Are Thinking—Editorial Comment

Massachusetts—Continued

Brockton Times, June 27, 1916

ECONOMY

If public funds are not to be wasted at a time when more money than is now available is needed for defense, the United States Senate would do well seriously to consider the latest offer of the Bethlehem Steel Company.

The House Naval Appropriation Bill, upon which the Senate is expected to take final action this week, provides for the construction of a Government armor plant at a cost of \$11,000,000.

As prices of labor and material have shown a striking advance since the estimate was made, it is believed the cost would be \$15,000,000. Two years would be required to complete the plant and put it in operation.

The Bethlehem Steel Company, which declares it would lose much of its \$7,000,000 investment in armor-making machinery if the Government plant is built, now offers to supply armor plate at cost of operation, to be determined by officers of the Government, plus such charges for overhead, interest and depreciation as may be determined by the Federal Trade Commission.

In view of the notorious high cost and comparative inefficiency of Government operated business enterprises, is it reasonable to assume that Uncle Sam will be wise in rejecting this proposal of the steel company just for "spite," because he thinks he has been overcharged for armor plate in the past?

What business man would do it?

Fall River Globe, June 1, 1916

THE ARMOR PLATE PLANT MATTER

... Furthermore, the Bethlehem people renew their offer to continue producing the best quality of armor plate made in the world under Government supervision at any price the Government itself shall name as fair.

That is a proposition that is entitled to the serious consideration of Congress, and whatever may have been the practices and policy of the armor plant trust in the past in its dealings with the Government, it is obvious that it is now disposed to play fair.

Apart from any question as to the entire accuracy or pertinence of its argument, the Bethlehem Company is probably correct in its statement that it can make armor cheaper than it could be made in any Government plant.

—Holyoke Transcript
May 25, 1916

Holyoke Transcript, May 25, 1916

AN ILLUMINATING PUBLICITY CAMPAIGN

The Bethlehem Steel Company is the first big plant of the kind to turn to "pitiless publicity" by way of advertising to explain its position.

Charlie Schwab is a man of most fertile resources and it is he who has turned to the policy of publicity to meet the Naval Committee's armor-plate plant provision.

The bulletins and printed exposes of the Bethlehem Company are admirably edited and state the case from their point of view with cogent argument.

Apart from any question as to the entire accuracy or pertinence of its argument, the Bethlehem Company is probably correct in its statement that it can make armor cheaper than it could be made in any Government plant.

And it might go further in maintaining that it is a more than doubtful policy for the United States to take any step calculated to put the existing private armor plants out of operation.

As the proposed Government plant will not have the capacity to supply all the armor the nation will need, the immediate danger of such an outcome is not especially serious, but if it be the fact, as alleged by the Bethlehem Steel Company, that it is prepared to "manufacture armor at any price which the Government itself shall name as fair," then it does seem foolish to spend \$11,000,000 to accomplish that which can be effected without the expenditure of a dollar. . . .

What People Are Thinking—Editorial Comment

Massachusetts—Continued

Lowell Courier-Citizen, April 7, 1916

NOT BUILT YET

That Government armor plate plant to cost \$11,000,000 isn't built yet or even started. There is plenty of time to abandon the foolish policy of engaging in such work.

It is sound business sense to secure from private concerns everything needed in war.

There are few plants capable of making the plate required for our warships. The Government cannot take their places though it can easily drive them out of the industry.

Bethlehem Steel Company, one of the companies equipped to furnish plate, has amplified its offer to the nation. It will reduce the price from \$425 to \$395 a ton, which is from \$10 to \$100 less than other powers are paying, and agree to maintain that figure for at least five years.

Further, it offers to make armor for an indefinite period at any price which the Federal Trade Commission may name as fair.

Mr. Schwab's offer is really that of a patriot—and not one for revenue only.

Lowell Courier-Citizen, April 12, 1916

ARMOR PLATE

There is no reason why we should pay an exorbitant rate for armor plate in the future, nor why we should have in the past.

But if the steel companies will now agree to manufacture it at what the Government itself decides to be a fair profit that is the best arrangement possible.

Certainly the opportunity to avail ourselves of the plants now ready for business on our own terms ought to be accepted, and if we are cheated under this arrangement we can blame no one but ourselves.—Worcester Gazette.

Lowell Courier-Citizen, May 27, 1916

SHOULD NOT INVEST

Mr. Schwab's Bethlehem Steel Company is keeping up its fight against a Government armor plant. The public in general has no particular love for the

steel concern but a large part of it no doubt hopes the company will win.

The Government should not invest \$11,000,000 or any other amount in a plant, because by so doing it is apt to drive private works out of the business. Mr. Schwab renews his offer to furnish plate at any price the Government itself may fix as fair, and if there is no string to the offer it should be accepted.

New Bedford Mercury, May 1, 1916

THE BETTER POLICY

. . . It would seem the better policy to accept the latest terms of the armor plate men and see what would come of them.

If finally proved unsatisfactory then we might embark on a Government-owned armor plate plant, something to be held aloof from as long as possible.

"Acceptance of it will save the Government money," says the Company of its offer.

There seems little reason to doubt it.

Springfield Republican, May 29, 1916

LOOKS TEMPTING

The Bethlehem Steel Company's offer to make armor plate for the Government indefinitely at a price which the Government itself shall fix, looks tempting, but it would be more tempting still if the offer were made for a period not less than 99 years.

The "indefinite period" the company stipulates is so very indefinite that the company might end it within six months after Congress had adjourned.

Make the offer for 99 years, Mr. Schwab, or even 25 years.

Springfield Morning Union, May 29, 1916

OF DOUBTFUL EXPEDIENCY

. . . If the steel companies were trying to impose on the Government there might be good reason for resorting to Government manufacture of armor plate, but Mr. Schwab's offer, apparently made in good faith, seems to dispose of that excuse for embarking in an enterprise of such doubtful expediency.

What People Are Thinking—Editorial Comment

Michigan

Detroit Free Press, April 7, 1916

INVESTIGATE THIS, TOO

. . . Charles M. Schwab, president of the Bethlehem Steel Company, has now made another statement which is equally deserving of consideration before action is taken. In an address to the shareholders last Tuesday, he said among other things:

"It is acknowledged that the United States is today getting the best quality of armor in the world. It is getting that quality at a price below that paid for armor by any other great naval power. The United States, according to official reports, has paid a lower price for armor over a period of twenty years than any of the other countries with large navies."

Is Mr. Schwab right? Is it a fact that the United States has been getting the best armor in the world at a lower price than any other country with a large navy pays? If so, where is the need for a Government plant? Why should \$11,000,000 of the people's money be spent without adequate cause?

Charles M. Schwab is a recognized authority on steel production. He occupies a responsible position in the commercial world. It is presumable that when he makes a statement publicly about his own business he knows what he is talking about and is telling the truth. Until what he has said and his company has said on this subject is refuted the proposal to build a Government plant will stand unjustified. The country has plenty of other uses for its money than to be spending it on a project that is under suspicion.

Detroit Free Press, June 3, 1916

PREPAREDNESS PROSTITUTED

. . . The national legislature has taken the responsibility for legislating out of business several well established and reliable private factories in favor of a Government plant which cannot be put in operation for a long time, and which when established will in all probability operate at a cost that will mean higher prices than ever in armor plant.

Battle Creek Enquirer, May 23, 1916

TALKING TO THE PEOPLE

The Bethlehem Steel Company, which presents its argument in the Government armor plate case direct to the people through the medium of general publicity, gets credit at least for a sincere belief that it has a story that will bear hearing and considering, and for its belief in the willingness of the public to hear and consider fairly.

It prefaces its remarks by the frank statement that the company has made a mistake in policy by keeping still while others have been doing the adverse talking, and that it now intends to go to public opinion with all its facts.

The procedure is vastly interesting as indicating a new departure in the handling of large corporation affairs, and a new attitude toward the public mind.

Whatever may be the merits of the armor plate affair, as finally developed by what the public thinks of what the Bethlehem Steel Company has to say, it is at least reassuring to know that big interests are willing to submit their case to the people and

Is Mr. Schwab right? Is it a fact that the United States has been getting the best armor in the world at a lower price than any other country with a large navy pays?

If so, where is the need for a Government plant? Why should \$11,000,000 of the people's money be spent without adequate cause?

—Detroit Free Press, April 7, 1916

What People Are Thinking—Editorial Comment

Michigan—Continued

that the people are presumed to be willing to listen impartially, and judge soundly.

If the practice can be carried out to a successful operation in all its possibilities, much of the manipulation of affairs for political effect may be removed from local and general Government.

Calumet News, June 10, 1916

A FAIR PROPOSITION

The advertisements of the Bethlehem Steel Company which are appearing in newspapers throughout the United States present a most unusual offer from that corporation and seem written in a spirit of absolute fairness.

The offer of the Bethlehem Company is that it will agree to manufacture armor plate for the Government under any terms which the Federal Trade Commission shall fix. In other words it offers to sell at the Government's price.

Could there be a more fair and equitable proposition?

What will the United States accomplish by ignoring it and proceeding with its announced intention of manufacturing its own armor plate? . . .

Muskegon Chronicle, April 11, 1916

LET US BE REASONABLE

. . . So far as we are concerned, the Bethlehem Steel Company might lose its \$7,000,000 plant and be hanged, if it deserves to lose it.

But the company, which is waging a war of publicity—a reversal of the usual order—against the proposed Government move, has brought forward some statements that are at least deserving of full and fair consideration.

. . . If the Bethlehem Company is willing to manufacture armor for the Government on the Government's own terms, what is to be gained by spending money on a venture into Government manufacture, the success of which is only to be conjectured?

As a refuge from extortion, Government competition is perfectly justifiable. But Government competition is not a healthy thing.

It is diverting the functions of Government into channels not intended for it, and the steel companies, whatever they may have been in the past, certainly have brought forward a proposition that the Government can ill afford to ignore.

Port Huron Times-Herald, May 28, 1916

THE NEW IDEA

. . . When the Bethlehem Steel Company is straightforward enough and enterprising enough to buy thousands of dollars' worth of newspaper space to advise the public of its attitude toward the Government, and to reveal the inside facts with regard to its business, it is assuredly well worth the time of the newspaper reader to take advantage of the publicity offered and to follow these statements as they appear in the columns of The Times-Herald and other newspapers of the country. . .

A FAIR PROPOSITION

. . . To expend \$11,000,000 for a Government armor plant at this time when the National Treasury is depleted will mean that other important and needed preparedness measures will suffer, and there is nothing to be gained if we can procure armor plate at our own price from private concerns.

—Grand Rapids Herald, June 9, 1916

What People Are Thinking—Editorial Comment

Minnesota

Minneapolis Tribune, May 25, 1916

CORRECTING SEVERAL "MISTAKES"

. . . The Bethlehem Steel Company is probably not so much interested in the expenditure of the people's money for an armor plant as it is in avoiding such destructive competition.

It is, however, not without justification for its protest and seems to have made a proposition which ought to induce the Government to consider very carefully the business sense of Government manufacture of armor at such an enormous original outlay.

And undoubtedly there is also something to be said on the side of encouraging private manufacture of munitions of all kinds in order that the capacity of production may be maintained at as large a figure as possible against a sudden extraordinary demand.

The important fact, however, seems to be that the mere threat to go into Government manufacture has done all that the actual erection of a plant could accomplish. That justifies the threat, but it questions the wisdom of going any further at the present time.

Minneapolis Tribune, July 2, 1916

A GOVERNMENT ARMOR PLANT

The great blot upon the Naval Bill is the provision for the construction of a Government armor plate plant to cost \$11,000,000. The armor plant question ought not to be confused with the question of the increase of our naval strength.

If the Senate and House are in favor of a Government armor plant, let them say so in a separate bill so that the President can veto it.—The Outlook.

The important fact, however, seems to be that the mere threat to go into Government manufacture has done all that the actual erection of a plant could accomplish.

That justifies the threat, but it questions the wisdom of going any further at the present time.

—Minneapolis Tribune, May 25, 1916

What People Are Thinking—Editorial Comment

Missouri

St. Louis Times, April 19, 1916

BEGUN BACKWARDS

. . . Instead of a few politicians drumming up votes by a chatter of armies and Government armor plants, let's have a few real ships at sea, behind which we can take a stand and tell the rest of the world where to "head in."

An army of 10,000,000 men couldn't protect the Government armor plant if a gigantic navy saw fit to blow our ships to smithereens, in order to invade our coast.

The navy's the thing.

The sooner Congress learns this fact, the better it will be for the nation at large.

Kansas City Star, May 29, 1916

BETHLEHEM'S PUBLICITY POLICY

Attention is called to the second advertisement of the Bethlehem Steel Company, appearing in The Star, as an example of the policy of frank publicity in contrast to that of secrecy that so often characterizes the plans of big corporations.

The Bethlehem Company has 7 million dollars invested in an armor plant.

It is proposed in Congress that the Government build an armor plant of its own.

Naturally this proposal is being fought by the company.

So it is going before the country with a series of advertisements, explaining frankly that its purpose is to save its 7 million dollar investment, and telling what terms it is willing to make in order to keep its plant in operation.

The procedure is open and above board.

Whatever may be thought of its argument, at least there can be no question that it is adopting an intelligent and fair method of presenting its case to the people.

The public appreciates that sort of an attitude on the part of a big business institution.

Whatever may be thought of its argument, at least there can be no question that it is adopting an intelligent and fair method of presenting its case to the people.

The public appreciates that sort of an attitude on the part of a big business institution.

—Kansas City Star, May 29, 1916

Nebraska

The Beatrice Daily Sun, April 14, 1916

ARMOR PLATE

. . . The arguments are no doubt entitled to more consideration than they will get. The chief reason for the Government investing eleven million dollars in a plant to manufacture armor plate is to protect the Government against being imposed upon. Here is one of the big steel companies of the country offering to permit its prices to be fixed by the Government. Aside from the price and quality, it is not likely that anything would be gained by a Government plant.

Government ownership would be costly and inefficient, if we may judge by what we see of it.

It should be carefully considered if better results cannot be obtained by some such plan of co-operation as is proposed. In time of war the Government can requisition factories of any kind, and it is possible at any time to make provision for a plan by which all such utilities should be conscripted in time of danger or at any time.

Government ownership would be costly and inefficient, if we may judge by what we see of it.

—The Beatrice Daily Sun, April 14, 1916

New Hampshire

Manchester Union, May 26, 1916

AN ARMOR PROPOSITION

. . . Granted that these arguments are ex-parte in the nature of things. Granted that the steel companies have more at stake than any other element in the threatened federal invasion of their industrial sphere.

They make no attempt to deny or belittle this consideration.

Even making its offer to supply armor at the Government's own price is admittedly sound business policy for the Company. What of it?

If, as the Company avers, the acceptance of the offer would avoid a waste of at least \$11,000,000 of public money, besides preserving a private industry unimpaired, the thing is certainly worthy of serious consideration.

If developments should bring to light anything cryptic in the Company's offer, the Government at any time could revive the federal armor plant plan and put it into operation at will.

Meanwhile, the Government might do a great deal worse than consider the Bethlehem Steel Company's offer.

What People Are Thinking—Editorial Comment

New Jersey

Newark News, June 1, 1916

SOME ELEMENTARY ECONOMIES

. . . The Bethlehem Company is willing, under a sweeping pledge many times repeated, to submit its prices to official regulation by the Federal Trade Commission.

The object of the pending appropriation—if that be price regulation—can be attained without embarking upon Government manufacture and without confiscation of private property.

To the argument from ethics and economics there is thus added the argument from expediency against this legislation.

The Senate has voted for an \$11,000,000 appropriation, and the House yesterday tacked an amendment to the naval supply bill for the same purpose.

Unless the House amendment is reconsidered the appropriation will pass, and the fact that the President, if opposed to a Government plant, would be compelled to veto the entire naval supply bill, makes a veto unlikely.

This needless and dubious experiment is therefore ticklishly near.

Newark News, July 5, 1916

STRIKES THE RIGHT KEY

But perhaps the greatest single good omen is the attitude of the Bethlehem Steel Company, which has broadened its original offer and declares itself ready to make anything it can manufacture, and not only armor plate, at the Government's own price, should war come. That spirit strikes the true key. It is a spirit of national service, a readiness to do the nation's work for a reasonable compensation.

Camden Post-Telegraph, May 27, 1916

VALUABLE FACILITIES

. . . The Bethlehem Steel Works may give to the United States Government the same valuable service which the Krupp Works give to the German Imperial Government, but a purblind "pork"-loving Congress threatens the destruction of all private armor plants.

Montclair Montclairian, May 3, 1916

IS ARMOR PRICE TOO HIGH?

. . . This would seem to dispose of the second question and to lead to the conclusion that—

Fair treatment of the private interests producing armor plate would result in a saving to the Government over any cost it could produce by its own manufacture.

"This needless and dubious experiment."

Newark News, June 1, 1916

What People Are Thinking—Editorial Comment

New Mexico

Albuquerque, July 9, 1916

NO LOBBY TO URGE ITS VIEWS

Recently the Bethlehem Steel Company has been issuing some marvelously powerful publicity matter, stating its opposition to Government-owned armor plants and its proposition to the United States Government. On the cover of the latest of these it states:

"The Bethlehem Steel Company maintains no lobby to urge its views at Washington. It is relying on publicity to get its position before Congress and the people."

If the interests directing Bethlehem Steel had been as firm believers in the power of frank and full publicity during the past twenty years as they are to-day they probably would need to maintain neither a lobby at Washington nor a publicity staff and a printing plant to protect their interests now.

What People Are Thinking—Editorial Comment

New York

. . . Surely no more liberal and equitable contract than that offered by the Bethlehem Steel Company could be drafted.

—New York Sun, April 3, 1916

New York Evening Post, March 22, 1916

AFRAID OF THE FACTS?

. . . The great reason urged in favor of a Government plant is that the private concerns get extortionate prices for the armor; are the advocates of the scheme afraid that the facts may show that the Government gains nothing by having its own plant?

If they think the showing would be favorable, why do they not welcome a chance for a convincing demonstration of the soundness of the new move?

Mere aggregate statements of current expenditure and current output, without analysis showing overhead charges, depreciation, etc., will be far from sufficient to determine the matter.

Journal of Commerce, March 23, 1916

THE ARMOR PLATE FACTORY

. . . The Government being the only customer for this particular product, the act is expected to put an end to contracts with private manufacturers for supplying it.

That will cause a heavy loss to two or three establishments which have invested large sums in equipment for making the plate required.

The Bethlehem Steel Company alone has \$7,000,000 in armor plate plant which it was induced by the Government to construct in order to provide the material for the navy in competition with two other concerns. These private works may not be rendered entirely worthless, but the Government can hardly purchase them for its own use, and they will have to be converted to other purposes.

There is not the least probability that armor plate will be made by the Government at less cost than it could be obtained for by contract

with private steel works, but it may thereby be made of some political use.

That seems to be considered more important than economy.

New York Herald, March 24, 1916

A GOVERNMENT ARMOR PLANT

. . . The erection of a national factory is an experiment of the most difficult character.

Its production possibly for years may be open to doubts, and because of its specially limited extent in the matter of supply and demand its success must destroy what private enterprise has created.

New York Sun, April 3, 1916

THE BETHLEHEM STEEL COMPANY TO THE UNITED STATES GOVERNMENT

. . . Surely no more liberal and equitable contract than that offered by the Bethlehem Steel Company could be drafted.

It would put the price of armor absolutely within the control of the Government itself; the customer through an agency of its own creation, would fix the sum to be paid; and the maker bids itself to accept that price "for an indefinite period."

In the presence of this proposal, what serious argument can be advanced in behalf of the great Josephus's socialistic scheme?

What People Are Thinking—Editorial Comment

New York—Continued

New York Times, April 5, 1916

GOVERNMENT OWNERSHIP

. . . Take the case of the armor-plant proposal.

Would the Government merely set up the armor-plate plant?

In that case the Government would lose many benefits available to iron and steel plants which produce the armor from the ground to the ship's side.

Not only would the Government miss many economies, and thereby produce dear armor. The result of the partial production would be that the Government would still be paying many of the hateful private profits.

Where would the Government stop?

Would it buy iron mines and ore freighters?

Or would it make armor at a loss, charge the difference to the taxpayers, and cripple the armor plants to boot?

Wall Street Journal, April 5, 1916

GOVERNMENT ARMOR PLATE

The proposition now is to put \$11,000,000, the price of a dreadnaught, into a plant to manufacture armor, when not even the plea of economy can be summoned to justify the experiment.

If the Government cannot build a vessel on even terms with a private concern, can it erect a great plant and, under a politically appointed

organization caring nothing for expense, manufacture a ton of armor plate as cheaply or as well as those whose business it is to manufacture armor?

A steel company must meet competition and yet show a favorable balance sheet.

The Government has no competitors and pays no dividends. When there is a deficiency the income tax is increased to make it up.

The question for a taxpayer to ask himself is, whether under the guise of national defense, he is to be further taxed to help pay dividends on an unlimited amount of political capital.

Wall Street Journal, April 17, 1916

A LOBBY AND A LESSON

Whatever may be the merits of the Government armor plate question, the publicity campaign of the Bethlehem Steel Corporation must provoke admiration.

It could not be altogether "disinterested," but neither has it pretended to be. It has not found it necessary to resort to oratory. It has answered rhetoric with fact; it has answered fiction with fact; it has answered calumny with fact. Its appeals have aimed not so much at eliciting pity for its own plight as at showing what the passage of the Government armor plate measure would mean to the general public, to the taxpayer, and to the cause of national defense. . .

No question-begging epithet, not even "Wall Street," has more odium attached to it in the public mind than the word "lobby." It is to the credit of Mr. Schwab and Mr. Grace that they have succeeded in wiping out part of this reproach. Their lobby has been open. It has been frank. It has sought to influence Congressmen through their reason, and not through their pocketbooks (possibly this accounts for its seeming ineffectiveness.)

—Wall Street Journal
April 17, 1916

What People Are Thinking—Editorial Comment

New York—Continued

... There can be no doubt that had the terms suggested by Mr. Schwab been advanced a year ago they would have been gladly accepted. . .

—*New York World, April 7, 1916*

[That being the case, is there any reason why our offer should not now be accepted, rather than plunge ahead with a wasteful expenditure of \$11,000,000?

Bethlehem Steel Company.]

New York Evening Sun, April 15, 1916

PUTTING THE NAVY IN BUSINESS

. . . If the Government is its own armor maker, a keen official incentive to detect imperfections in the product will no longer exist, just as it no longer exists in respect to Government-built ordnance and ships.

The best energies of the navy personnel will go into manufacturing, at the expense of preparation for what the navy alone can do.

Finally, the private manufacturers, instead of being taught in time of peace how to second in the shops the work of the ships on the sea, will be taught nothing save the advantage of letting the navy care for itself.

On all these three accounts a navy armor plant will lower naval efficiency.

Albany Evening Journal, April 18, 1916

WHY EXPERIMENT NOW?

. . . Why spend \$11,000,000 on an experiment when the Government has such an offer?

Give us a fighting navy now and let the question of armor-plate manufacture go over until we shall have ships and equipment sufficient to feel that we are well protected from any possible foreign invasion.—From Buffalo Express.

Albany Knickerbocker Press, June 3, 1916

GOVERNMENT CONFISCATION

. . . Seriously, this armor plate plant proposition is bad from every standpoint.

The three steel companies which have armor plate plants have invested in them \$20,000,000 at the solicitation of the Government. Their profit has been only a fraction more than one per cent. In ordinary steel making profits exceed ten per cent.

The companies are now receiving for their product \$425 a ton, which is less than any other country in the world is paying. Japan, which owns its plant and employs the cheapest of all labor, has a cost of \$490 a ton. England pays \$503 and France \$460.

The Bethlehem Steel Company has offered to guarantee to furnish armor plate to the Government for an indefinite period at \$395, or at any other price to be fixed as fair by the Federal Trade Commission appointed by President Wilson.

The offer to reduce the price is not made because the present price is too high, but because a \$7,000,000 plant, employing 3,000 men, will be rendered useless and valueless if the Government plant is built.

Any return, however small, would be better than the loss of the whole investment.

What People Are Thinking—Editorial Comment

New York—Continued

But in the face of all the facts—and in the face of the further certainty that the \$11,000,000 mentioned as a starter will not even build the plants proposed, to say nothing of providing the coke fields, the furnaces, the ore beds and the specialists and experts without which they will be useless—the Democrats are going ahead.

This is harvest time for them. They are taking no chances of wishing later that they had been more bold.

Buffalo Express, March 22, 1916

BUY THE ARMOR PLATES

. . . The only problem which would confront the Government in dealing with the Bethlehem Company and the others, for they probably will follow the Bethlehem's example, would be in making a hard-and-fast agreement for a long term of years and in seeing that all the parts of the agreement are faithfully carried out.

But it should be comparatively easy for the Government to protect itself in this matter. It certainly is worth while to try to save the millions which would be used in the experiment that is proposed under the Tillman bill.

Buffalo News, May 27, 1916

DOWN TO TRUTH AND FAIRNESS

With preparedness the foremost consideration of the present Congress, the matter of a Government armor plate factory has brought many interests into conflict.

The campaign of the Bethlehem Steel Company against a Government controlled armor-making institution was to be expected.

Up until now their arguments have only elicited smiles and facetious comment. Of course, the

Bethlehem Steel Company is against the Government manufacture of armor plate; it takes their share of the vast profits. This has been the deduction.

Apparently the weakness of their own case has spurred the Bethlehem Steel Company to the business of truth, absolute and untrimmed.

It has stirred them to an honest, frank explanation of their opposition to the Government institution. . .

Kingston Leader, July 6, 1916

AN INTERESTING SITUATION

The proposition that the United States Government should enter into the business of manufacturing armor plate for its battleships, etc., by investing \$11,000,000 in its own plants, is now being considered by the House of Representatives. As a matter of fact an appropriation carrying this amount has passed the House.

This policy on the part of the Committee on Naval Affairs, carried to its conclusion, would mean that the plants now in existence and operated by private capital would be closed perhaps, and the physical property made valueless.

The Bethlehem Steel Company, the corporation that would be most vitally affected, has been taking the people of the United States into its confidence, through the medium of newspaper space, and wants its side of the situation known.

We have read some of the statements made by and on behalf of this company and have read some of the testimony adduced before the Committee on Naval Affairs and cannot but feel that, on the face of the testimony that has been made public and on the strength of the exhibits made, the Committee on Naval Affairs and the Congress itself would do pretty well to allow this matter to rest as it is, or at least to

. . . The armor-plate plant proposition in the naval bill looks like Government ownership gone mad.

—Troy Times
June 3, 1916

What People Are Thinking—Editorial Comment

New York—Continued

listen to the very fair propositions made by the officials of the Bethlehem Company.

What the Government would gain or where the Government would profit by investing a great sum of money for plants to duplicate those already standing and equipped and organized, when so fair an offer as has been made by President Grace of the Bethlehem Company is at hand, we cannot see.

It is a situation that should be watched in its developments until a final decision has been made.

The situation would seem to merit more of newspaper comment than it has been receiving.

Rochester Post Express, May 26, 1916

DISCUSSION IN THE OPEN

Writers in the press who make capital of attacking "big business" condemn the Bethlehem Steel Company's campaign against the naval bill's armor-plant provision on the ground that it is an attempt to play politics by appealing to the public.

Without discussion here of the merits of the Bethlehem Company's propaganda, the method which has been taken is obviously right and is exactly in accord with the policy which critics of business are always clamoring for.

Here is a great corporation frankly discussing its business in the open.

When corporations are silent with regard to their affairs, they are condemned for star chamber

methods of procedure; when they publish the facts of their business to the public, they are condemned for trying to confuse the public mind.

There is no justice or sense in this sort of carping.

Rochester Post Express, June 24, 1916

A WASTE OF PUBLIC FUNDS

. . . The Bethlehem Company offers to manufacture armor plate for the United States at the cost of operation, plus such charges for overhead expenses, interest and depreciation as the Federal Trade Commission may determine to be fair.

Does any sane person entertain the slightest doubt as to what the Senate should do with the \$11,000,000 armor plant item in the naval appropriation bill?

Utica Observer, April 20, 1916

HOLD IT A WHILE

It might be just as well for Congress to keep that armor plate bill in abeyance for a time.

The private plants will make favorable agreements with the Government, and they are equipped and ready.

We need all our activity and all our money in pushing forward other necessary enterprises.

SOME GOOD IN THEM

The Bethlehem Steel Company, one of the corporations denounced by Senator Tillman as a rapacious, unscrupulous trust that should be punished by being deprived of contracts for armor plate, has retorted by placing its factories and all its resources at the service of the Government in case of war. A serious conflict might serve one good purpose if it proved to demagogic, narrow-minded members of Congress that even successful Americans have some good in them.

—*Rochester Democrat-Chronicle*, July 2, 1916

What People Are Thinking—Editorial Comment

New York—Continued

With these facts in mind, the Company asks whether it is fair for the Government to destroy this private industry. There can, of course, be but one answer. . .

. . . Can the United States afford to adopt a policy that would have brought disaster to England? The question answers itself.

—*Rochester Post*
April 10, 1916

Elmira Advertiser, April 13, 1916

A LESSON IN PATRIOTISM

Even if no question of sound business policy were involved in the proposal to establish a Government plant for the manufacture of armor plate, the Bethlehem Steel Company would appear to better advantage than the Secretary of the Navy in discussion of the administration's plan.

There is a lesson in patriotism in the corporation's latest offer to the Government, but nothing of the sort is to be found in Mr. Daniels' attempt to ruin a private industry and at the same time waste eleven million dollars of public funds in making valueless existing and adequate facilities. . . .

. . . Their attitude is fine and patriotic, and the Company, by making an offer that contains no stipulation as to profit, has left the administration without a single argument for the establishment of a Government plant.—*Rochester Post-Express*.

Poughkeepsie Star, July 6, 1916

A QUESTION OF HONESTY

An amendment to the navy appropriation bill, offered yesterday by Senator Liver, would make the proposed \$11,000,000 appropriation for a Government armor plate plant available only in case private manufacturers refused to give the Federal Trade Commission full opportunity to investigate the cost of producing armor, or to enter into contracts with the Navy Department at prices determined upon by the commission as reasonable.

In other words if armor plate men will be honest the Government will do business with them; otherwise not. But why assume that politicians, contractors and others who will spend the \$11,000,000 will be more honest than the armor plate men?

Rochester Democrat and Chronicle
March 29, 1916

AMERICAN MUNITIONS MANUFACTURE

Sydney Brooks, an Englishman, recently wrote in the New York Times a friendly warning to Americans regarding the manufacture of war supplies.

He views with disfavor the bill before Congress proposing to appropriate \$11,000,000 for a Federal armor plant, and says that he feels anxious for us when he finds "Congressmen talking as though it were the one object of their existence to prevent anyone from making a profit out of anything, inveighing especially against the manufacturers of munitions." Mr. Brooks feels grateful toward American war material makers for their energetic efforts to supply the Allies, and says:

"But if I were an American I should feel equally grateful. I should realize that these colossal factories, while working for the Allies to-day, are working also for the America of to-morrow.

"I should be proud of the extraordinary skill and enterprise and far-seeing liberality with which they have been planned and conducted. I should recognize in them so many pillars of national safety, so many policies of insurance against the awful risks of being caught unprepared.

"And I should certainly do what I could to defeat any policy that threatened to destroy, to starve, or to weaken enterprises on whose instant efficiency might one day depend all the difference between victory and defeat."

. . . There is no doubt that Mr. Brooks is right when he says:

"Remember that you can raise volunteers, drill them and train them infinitely quicker than you can arm them, and that this business of turning out munitions of war is one that cannot be improvised."

What People Are Thinking—Editorial Comment

New York—Continued

Rochester Democrat and Chronicle, June 29, 1916

BUSINESS METHODS OUT OF PLACE

The Government, Congress evidently believes, engages in private business for the purpose of utilizing an easy method for squandering its excessive wealth. This attitude explains why Congress has refused to pay any heed to the offer of the Bethlehem Steel Company to manufacture armor plate at cost for an indefinite period of time, and with Government experts to supervise its books. Economy was the pretext for putting the Government in the armor-plate business, but economy was the last thing the statesmen had in mind.

Rochester Post-Express, April 10, 1916

THE ARMOR PLATE QUESTION

In a statement addressed to members of Congress the Bethlehem Steel Company says the three armor plate plants in this country were established to serve the United States Government and for that purpose alone.

This is not disputed by anyone familiar with the facts. Reporting to Congress in December, 1896, H. A. Herbert, then Secretary of the Navy, said the armor contractors had invested large sums of money in their plants, and that they entered the business at the request of the navy department.

Nor is it denied that for twenty years this country has obtained a higher grade of armor and paid less for it than any other great naval power. The

facilities of the Bethlehem plant are at the disposal of the Government upon its own terms.

With these facts in mind, the company asks whether it is fair for the Government to destroy this private industry. There can, of course, be but one answer. . .

. . . Can the United States afford to adopt a policy that would have brought disaster to England?

The question answers itself; but an incompetent Secretary of the Navy, not yet rebuked by his chief, insists upon forcing out of business the private firms that are furnishing armor plate at prices considerably lower than Great Britain is content to pay.

It is an amazing situation.

Troy Times, March 28, 1916

THE GOVERNMENT-OWNERSHIP CRAZE

. . . It was shown by military and naval experts of the highest standing who testified in various committee hearings at Washington that privately owned municipal works were valuable assets to the nation, and that if private armor-plate mills could furnish plate at a fair profit no advantage could accrue from the Government going into business.

That appears to be the counsel of common sense and of technical experience.

The Democrats at Washington would do well to heed the voice of wisdom and prudence.

What People Are Thinking—Editorial Comment

Ohio

Cincinnati Times Star, March 24, 1916

BEGINNING EARLY

Already our congressmen are fashioning a pork barrel made of armor plate.

It is said that an effort will be made by Southern congressmen to have the proposed Government armor plate plant built in the Birmingham region, and that this location will be opposed by Western congressmen.

Where the Western congressmen would locate the plant is not stated.

In other words, the Government plant will not be located at a point which business principles would dictate.

And if the location is to be a matter of "politics," that symbol of inefficiency, what assurance have the American people that the armor plate will not be tainted by the same vicious system?

Columbus Dispatch, April 4, 1916

A BETHLEHEM STEEL STATEMENT

The Bethlehem Steel Company has issued a circular in which it says, apropos of the bill to provide a Government armor plate plant:

1. That it urges no plan of preparedness.
2. That, if the United States should become involved in war, it would sell to the Government any of its products at any price the Government might choose to pay, and work 24 hours a day to supply it.
3. That armor plate is the least profitable article it manufactures, though it has \$7,100,000 invested in that plant.

4. The profits of the Company in 1915 were not from armor plate.

5. It will make armor plate for the Government, for five years, at a price \$30 per ton less than the rate in the present contracts; or will furnish it, for an indefinite period, at any price named by the Federal Trade Commission as fair.

If this is true, the Company has at a considerable business sacrifice established the armor plate plant and would patriotically and without regard to profit serve the Government in an emergency. There is in the statement a fine spirit which everybody will appreciate, and it will be regretted that any other was ever shown. . . .

Dayton Herald, April 7, 1916

THE BETHLEHEM STEEL COMPANY TO THE UNITED STATES GOVERNMENT

. . . The only excuse for putting \$11,000,000 in a Government-owned armor factory is found in the allegation that the private manufacturers have charged an excessive price for their product.

The determination of a fair price is admittedly difficult; the Bethlehem Company declares that the \$425 a ton paid by the United States is less than the price paid by any great naval power, and offers to reduce this by \$30.

Moreover, the Company agrees to make armor for an indefinite period at any price the Federal Trade Commission declares as fair.

Under all these circumstances, what reason can be put forward at this time for the expenditure of the taxpayers' money contemplated by the bill now before the Representatives in Congress? . . .

The Bethlehem proposition affords the country all the protection it can require and more than it will have if it assumes the hazards of establishing and conducting a great business.

Hamilton Republican-News, June 30, 1916

What People Are Thinking—Editorial Comment

Ohio—Continued

Hamilton Republican-News, June 30, 1916

THE BETHLEHEM COMPANY'S PROPOSITION

The Bethlehem Steel Company is vigorously fighting the bill to establish a Government armor plate factory; and it is using methods that indicate that there is a higher standard in business and politics than existed a few years ago.

Instead of sending a lobby, with big money and live tips on the stock market, to work at Washington the Bethlehem Company has adopted a campaign of open letters. It has flatly made the Government this proposition:

The Bethlehem Steel Company will agree, for such period as the Government may designate as fully protecting the public interest, to manufacture armor plate for the Government of the United States at actual cost of operation plus such charges for overhead expenses, interest and depreciation as the Federal Trade Commission may determine to be fair.

It seems to us that in view of such a proposition it is unwise and unnecessary to build a Government plant. By encouraging the Bethlehem Company and other private enterprises, the country will always have them at its service if a crisis develops, and the industrial nation will be vastly improved.

On the other hand if the Government goes into the armor plate business itself it will have to meet all national requirements, as not a dollar of private capital will ever go into such an enterprise.

The Bethlehem proposition affords the country all the protection it can require and more than it will have if it assumes the hazards of establishing and conducting a great business.

And it will encourage and not destroy private enterprise which may become essential to the national safety.

Steubenville Herald-Star, July 5, 1916

AN ECONOMICAL PROPOSITION

The Bethlehem Steel Company has made a public proposition to the Government to make armor plate at actual cost of production plus a reasonable percentage for overhead charges to be fixed by an impartial commission.

As an economical proposition this would seem to discount a Government armor plant.

East Liverpool Review, March 24, 1916

SPEECH WITH THE TRUE RING

. . . The following is a portion of Senator Harding's address and ought to be approvingly acclaimed:

"I realize," said the Senator, "that it is not popular to defend the armor plate manufacturers, but I believe it to be little less than the height of folly to abandon the policy of encouraging private enterprises at this time.

"This is a very poor time to risk the development of Government armor plate making when we mean to expend hundreds of millions on super-dreadnaughts and want them not only to be the best but want them without delay.

"I think the sober thought of the country favors giving big business a square deal.

"It was once popular to 'bait' big business, without an inquiry as to the conscience which must run true in every permanently successful enterprise, but the reflective judgment to-day favors giving business its fair chance."

What People Are Thinking—Editorial Comment

Oregon

Portland Oregonian, May 26, 1916

. . . Mr. Daniels may think Bethlehem is bluffing. He can easily find out. Let him call its bluff.

Before investing \$11,000,000 of the people's money on a plant which may prove useless, let him give Bethlehem a trial.

In these days of deficits and emergency taxes the American people have not \$11,000,000 to squander on what may prove, in Mark Twain's words, "a darned experiment."

. . . Mr. Daniels may think Bethlehem is bluffing. He can easily find out. Let him call its bluff.

—Portland Oregonian, May 26, 1916

What People Are Thinking—Editorial Comment

Pennsylvania

Philadelphia Record, April 2, 1916

GOVERNMENTAL MUNITIONS PLANTS

. . . This Government could not set up and maintain munitions plants in time of peace that would even distantly approximate the capacity required to supply it in time of war.

In the latter eventuality the Government would have to commandeer and mobilize the industries of the country; and this would include the fixing of reasonable prices.

If the national safety requires the exercise of dictatorial powers, it is within the authority of this or any other nation to exercise such powers.

Anyhow, the Government plants with outputs limited to peace requirements could not regulate prices by their puny competition.

Philadelphia Record, April 6, 1916

A GOVERNMENT ARMOR PLANT

. . . The capacity of the proposed Government plant is to be 20,000 tons per annum.

This is more than the total requirements of the navy have been for any past year, and the consequence would be to render the privately-owned plants practically valueless. If it were contemplated to enlarge the naval program of the nation so as to double the annual requirements for armor plate, the erection of a Government plant in addition to the existing private plants would have some reasonableness.

But to destroy the latter by way of penalty for an offense not proven against them would be senseless.

And it might deprive the nation of facilities which, some day, it may sorely need.

Philadelphia Public Ledger, April 14, 1916

URGE "FIGHTING NAVY, NOT 'MANUFACTURING'"

. . . "The need for a Government armor plant, if any exists, obviously does not spring from a lack of facilities for the making of armor in this country. Plants now in existence are ample to take care of a building program for the navy double that of the past."

Philadelphia Inquirer, April 17, 1916

PASSION FOR GOVERNMENT OWNERSHIP

. . . Another and not less impressive instance of the same Socialistic tendency must be recognized in the adoption by Congress of a plan for the erection of an armor plate plant by the Federal Government at an estimated cost of another eleven million dollars.

It is one of the least of the objections to this procedure that it would destroy the utility of private plants erected at the Government's own instance at a cost of many millions of dollars, and in view of the proposition which the owners of those plants have made, it is quite indefensible, but the Democracy is obsessed by a passion for Government ownership and the Socialistic ideal is apparently the one that it is striving to realize.

Already it is squinting at the railroads and there is no telling to what lengths it will go unless an aroused and enlightened public opinion calls a halt.

Philadelphia Record, May 26, 1916

REPRESSING PRIVATE ENTERPRISE

. . . Is it worth while to drive private enterprise out of business and convert the United States Government into a huge trading corporation?

Philadelphia Press, May 31, 1916

THE NEW POLICY OF BETHLEHEM STEEL

. . . Formerly when corporations were vitally interested in legislation they did their business more or less secretly.

But to destroy by way of penalty for an offense not proven against them would be senseless.

And it might deprive the nation of facilities which, some day, it may sorely need.

*Philadelphia Record
April 6, 1916*

What People Are Thinking—Editorial Comment

Pennsylvania—Continued

Now the Bethlehem Steel is frankly opposing the \$11,000,000 armor plate plant bill, which has already passed the Senate, on the ground that it will not only injure its business, which it established for the benefit of the Government, but the Government will gain nothing by this expenditure. . . .

. . . Entirely apart from the statements which lead to the offer to permit the Federal Trade Commission to set the price, it would seem that no fairer proposal than this could be made.

The plan for the Government armor plant was sponsored by those who made charges of gouging and vast profits.

As the Company is willing to let the fate of its plant rest in the hands of a Governmental body, the excuse for passing this bill falls.

No final action should be taken by Congress which does not include the consideration of the new attitude of the Bethlehem Steel.

Philadelphia Public Ledger, May 23, 1916

NEW POLICY OF PUBLICITY

The Bethlehem Steel Company may be too late in its adoption of the policy of publicity, but it is right, nevertheless, and the "Big Business" of which it is an important representative would do well to follow its example.

Mr. Schwab's company is conducting the fight against the armor-plate plant provision of the naval bill with much ability, and by making its arguments in the open and by appealing to the judgment of public opinion, it forestalls any possible criticism as to "lobbying" methods.

Contrary to a widespread impression, even "Big Business" is entitled to a hearing on legislation affecting its affairs. . . .

Philadelphia Inquirer, May 27, 1916

NO NECESSITY FOR AN ARMOR PLANT

. . . The proposed Federal plant no longer has a leg to stand on.

Far better put the \$11,000,000 into much needed ships than waste them in experiments.

Philadelphia Public Ledger, June 2, 1916

POLITICS IN ARMOR PLATE

Why should the taxpayer be saddled with another useless form of extravagance in the shape of a politically built and politically managed factory to make armor for ships?

The Government can do nothing else cheaper than it can be done by individuals or corporations. Why pretend that it can manufacture armor more cheaply?

There are only three plants in America which do make armor, and all of them are in Pennsylvania. They represent an investment of not less than \$20,000,000, which was put there in good faith.

They are now willing to sell armor to our Government at a lower price than the other leading nations of the world pay for their armor.

Why tax the people to build a Government monopoly to crush this particular industry? . .

Philadelphia Bulletin, June 22, 1916

AN \$11,000,000 HOBBY HORSE

. . . The Bethlehem Steel Company invites a contract for five years at prices that shall be satisfactory to the Government; it now offers to fill the Government contracts at cost and such over-

Why tax the people to build a Government monopoly to crush this particular industry? . .

Philadelphia Public Ledger, June 2, 1916

What People Are Thinking—Editorial Comment

Pennsylvania—Continued

head expense as shall be admitted by the Federal Trade Commission.

The quality of the work done by this concern, its capacity for immediate production and its general reliability are beyond question. Its plant and experience are all that can be desired.

The Government cannot hope to improve on manufacturing conditions in any plant or organization of its own.

It has nothing to gain, and a chance to lose much in its experiment with the eleven million dollars that ought to be appropriated toward the construction of a battleship.

Allentown Call, March 29, 1916

BETHLEHEM'S PLAN GOOD ONE FOR THE GOVERNMENT

... President E. G. Grace of the Bethlehem Steel Company last week told the Naval Affairs Committee of the House of Representatives that his company is willing to make all the armor needed at a price to be fixed by the Federal Trade Commission.

This proposition virtually would make the Bethlehem Steel Company a Government plant.

The Government cannot hope to make armor cheaper than Bethlehem with all its twenty-nine years of experience and pay the interest upon an investment of \$11,000,000.

There is no use in putting up a new plant when there is an excellent one here already, prepared to turn out all the work necessary.

There is no wisdom in causing the scrapping of a \$7,000,000 business at Bethlehem, yet that is what would be the almost inevitable result if the Government were to take away all its business from Bethlehem.

The big question is not however that of the interest of the Bethlehem Steel Company or the interests even of the thousands of workmen in the Lehigh Valley and the population dependent upon them.

The question is one of national economy and sound public policy. . . .

The Government armor plant is bound to be a costly experiment and, we fear, a costly failure.

—*Homestead News-Messenger*
June 13, 1916

Homestead News-Messenger, June 13, 1916

... The policy of the Government going into a highly skilled business and becoming a manufacturer in a large way is more than doubtful.

It means almost certain loss to the Government with eminent risk of imperfect work to be tried out by the new plant.

Of course, if the Government would employ the right men at the most advantageous point, it could make armor steel of a good quality, though probably not as cheaply, as any private concern could turn it out.

There is, however, no certainty that it would do so.

The Government armor plant is bound to be a costly experiment and, we fear, a costly failure.

Harrisburg Patriot, April 27, 1916

LINK ARMS WITH PUBLIC

In one of its recent communications to Congress appealing against a Government armor plate plant, the Bethlehem Steel Company says in its title, "A Mistake in the Policy of the Bethlehem Steel Company."

The mistake, one later learns, has been the company's hitherto refusal to take the public into its confidence; its failure to reply to accusations made against it.

As a result of these "mistakes" the company says it has suffered at the hands of public opinion.

Doubtless the company is correct in its estimate, and doubtless most other companies, if they review their pasts, will come to the same conclusion.

It is a fact that the Bethlehem is only one of many corporations which have concluded that it is folly to conduct one's business not only in disregard of the public interest but of public information.

What People Are Thinking—Editorial Comment

Pennsylvania—Continued

Harrisburg Star-Independent, May 25, 1916

BETHLEHEM STEEL'S NEW POLICY

The policy of the Bethlehem Steel Company toward the general public has changed; henceforth it will take the people into its confidence through publicity, according to its announcement yesterday.

The refusal of a corporation to allow details of its dealings to be known instead of taking the public into its confidence is a mistake—the Bethlehem Company admits it by the caption of its announcement, which reads: "A Mistake in the Policy of the Bethlehem Steel Company."

While it is a "catch-line" of no mean attracting power, its truth is borne out in the announcement which has to do with the Schwab concern's offer to sell armor plate to the United States at a price the Government shall determine.

On the face of it this is even a better opportunity than the average business men get in dealings with one another.

The Bethlehem Steel Company has a story of interest to tell to the American citizenship and has agreed to pursue a policy of publicity through the newspapers to get this story before the people who make up the Government. . . .

Johnstown Gazette-Times, March 23, 1916

NOT HELPFUL TO THE NATION

. . . The proposition of the Bethlehem Steel Corporation to supply armor plate to the navy at a reduced price stated or, as an alternative, at a price which "will be entirely satisfactory" to the Secretary of the Navy after ascertainment of the cost of manufacture, may be taken as an earnest of the Company's intent to be fair as well as a final effort to forestall disaster to itself.

It is worth most careful consideration.

As the impulse to the movement for a Government plant is the belief that the manufacturers have been charging exorbitant prices, it is only just that the facts be definitely ascertained.

The product of the private manufacturers has been satisfactory; there is no certainty as to how soon a

Government plant would develop beyond the stage of experiment.

Here is a chance for the Government to get valuable information that perhaps it does not possess, despite inquiries which it has made.

If a publicly owned plant would be a mistake, now is the time for those who are sure it would be a blessing to find it out.

Pittsburg Dispatch, March 26, 1916

THE ARMOR PLATE FOLLY

. . . It is impossible to imagine any possibility of advantage to the Government in going ahead with this project, but it is quite clear how it can do inestimable damage to our preparedness facilities.

First, the Government plant cannot be built within four years. Is Secretary Daniels prepared to delay the construction of ships authorized a year ago, and not yet begun, another four or five years?

With the Government given a monopoly of armor making what will be left for the private manufacturers but to go out of business?

The nation will then be just that much less able to furnish armor should war threaten. Would it not be wiser to follow the German custom and encourage, rather than destroy, private enterprises able to supply armor, guns and munitions in emergency?

Pittsburg Press, March 27, 1916

PROMISES OF PIE

The Bethlehem Steel Company's appeal to Congress to be honest and just in the armor plate matter would not be without effect if there were fewer demagogues in Congress, or if there were more than one State interested in the armor plate industry.

As it is, the Company is probably wasting its eloquence. Doubtless the administration wire-pullers have promised no less than two dozen States that they shall have the proposed Government plant. For an administration whose head "has no motives less than six feet tall" this one is particularly free from scruples as to promises of pie.

What People Are Thinking—Editorial Comment

Pennsylvania—Continued

Pittsburg Leader, March 30, 1916

LOOKING FOR WAR

. . . The Bethlehem Company guarantees to make the armor for a price equal to the lowest possible cost in a Government mill. That takes away the question of price. It leaves no decent ground upon which to build a Government plant.

The Bethlehem and other armor plants can make armor plate better, quicker, and at as low a cost as a Government plant at the highest efficiency. . .

. . . Under the terms of the guarantee made by the Bethlehem Company the Government can get all the armor plate it needs at the same cost at which a Government plant could make it. . . .

Williamsport Sun, May 26, 1916

CORPORATE PUBLICITY

Another giant corporation has recognized the proper value of publicity. The Bethlehem Steel Company has just announced that hereafter its policy will be to take the public into its confidence and through circulars and newspapers will make known its inside workings, so far as possible.

This is the policy adopted some time ago by the Pennsylvania Railroad and other great railroad systems, and from which they would not now depart. It is one of the means by which the railroads have advanced so rapidly during the last few years. "Tell the other fellow your business and he can not help taking an interest in it."

That would be a good slogan for any large business man to pursue if he would hold the confidence of the people with whom he wishes to trade. If a man nowadays has something to sell, it must be shown above the counter, and the purchaser must have an opportunity to prove and test the goods. In other words, the public is much wiser than it was years ago. It reads and it understands. The newspapers, with their possibilities of wide dissemination of information, are largely responsible for this condition.

The Bethlehem Steel Company, hitherto one of the most close-mouthed corporations in the country,

announces that it has made a mistake in the past in not letting the public know something about its business.

The announcement of its new policy is headed "A Mistake in the Policy of the Bethlehem Steel Company." In its offer to the United States Government to sell armor plate at a price to be determined by the Government, the steel company has a story of great interest to every American, and it cannot get that story to the ears or eyes of every American without the aid of the newspapers and other means of publicity. Hence the steel company's reverse policy.

Recent years have seen many changes in the policies of corporations toward the public but none have undergone more extensive change than the policy of publicity.

Contests for and against legislation have been carried on in late years through newspaper advertising to the mutual advantage of the corporations and the people who before were kept in ignorance of the plans and programs of big business, with the result that there was always an enveloping cloud of suspicion and distrust about its business in the minds of the public.

All corporations, large and small, should see the value of publicity and should so shape their policies that all matters of public interest should be presented to the public in the right manner, through official announcement by corporation officials.

Such a course has a constant steadying influence upon big business, tending to remove those practices which in times past laid them under the burden of public suspicion and condemnation, from which they have been suffering grievously of late.

THAT ARMOR PLATE PLANT

. . . There really should be a way of handling the armor problem that would render a Government plant an unnecessary luxury.

—Jounstown Democrat
June 3, 1916

What People Are Thinking—Editorial Comment

Pennsylvania—Continued

Johnstown Democrat, April 7, 1916

THE BETHLEHEM PEOPLE SCORE

The Bethlehem Steel Company has succeeded admirably in presenting not only an impressive but a dignified opposition to the Government armor plate mill proposition.

The steel company's case is stated frankly—and publicly.

There has been no disposition to distort the facts and every possible effort to stimulate discussion has been put forth. . . .

* * *

. . . It is in the concluding paragraph of its latest statement, however, that the Bethlehem Steel Company makes a ten strike. It says:

"We offer to place all the cards on the table—to open our books to the Federal Trade Commission, and to pit our experience, our facilities and our economies at the service of the nation upon such terms as the Government itself shall name as fair."

It would be impossible to ask for a more reassuring statement. The Government's whole case is conceded. "You want fair treatment," says the steel company. "Very well, you tell us what is fair."

Up to the present time the armor plate people seem to have the best of the argument.

Johnstown Leader, July 6, 1916

NO COST ACCOUNTING SYSTEM

Bethlehem Steel Company, in its little reminders to Members of Congress, calls attention to the refusal of the House to amend the Tillman \$11,000,000 armor plant bill so as to provide a system of bookkeeping exhibiting every item of expense, direct and collateral, which may be charged against the preparation of plans, the selection and purchase of a site, construction and equipment of the proposed plant and the cost per ton of the output.

Refusal to institute an adequate cost accounting scheme, says the steel company, means that the people will never know what Government-made armor costs.

Why should they know?

Under Democratic administration this Government is not run that way.

The object of the Tillman bill is not to produce good armor, at any price, high or low.

It is to use some sentiment, created by false statements, as an entering wedge for Government ownership.

To figure costs and make public the figures would betray the weakness of the whole Government plant argument.

What People Are Thinking—Editorial Comment

Rhode Island

Providence Bulletin, March 24, 1916

BETHLEHEM'S OFFER

... If the House and President Wilson are determined to back up Senator Tillman and Secretary Daniels in an adventure which will not reduce the cost of armor-plate, but which will reduce our national resources for manufacturing it, they will of course follow the lead of the Senate and refuse to entertain the very fair proposal of the Bethlehem Company.

If "pork" for politicians and cheap political capital to be coined out of trust-baiting are not the true objects of the Tillman bill, that foolish experiment in Government ownership and operation will be abandoned.

Providence Journal, June 22, 1916

THE ARMOR PLATE ISSUE

... It would be unfair, of course, to destroy, by Government competition, the business created by private capital expressly for the Government, the only customer for armor plate.

The capital invested has had a fair return, very likely, and is entitled to it. If the profits have been excessive—and that has not been shown in any of the hearings before the Congress committees—it is, nevertheless, a consideration of importance at the present juncture, that the operation of a Government plant would probably cost the taxpayers excessively.

It is a tolerably safe assumption, in short, that the country would be money in pocket if the stiffest prices were paid for private work, by contrast to the inevitable extravagance of Government operation. . .

Providence Tribune, July 2, 1916

GOVERNMENT INEFFICIENCY

New legislation actually penalizing methods of efficiency in Government industrial establishments is apparently going through, in spite of all the efforts by business men, engineers and manufacturers to stop it.

Unless the President interferes with a veto, the Fortifications Appropriation bill will go into effect carrying Representative Tavenner's rider which prohibits scientific management in Government establishments.

This, however, will be only another illustration of the shameful fact that Congress cares nothing for cost of production.

The Senate, for example, rejected even the proposal for the investigation of the cost of armor before ordering the establishment of an armor plate plant; and the Navy Appropriation Bill carries as a rider a clause imposing a fine and imprisonment on any Government official who uses the methods of efficiency which alone can produce cheap armor or anything else.

What People Are Thinking—Editorial Comment

South Carolina

Rock Hill Herald, May 31, 1916

A REMARKABLE NATION-WIDE ADVERTISING CAMPAIGN

. . . The Herald commends the wisdom and foresight of the great corporation in adopting the only plan that will bring its side of this controversy clearly and forcefully to the attention of all the people.

People of all classes read advertising, and they will read the advertising of the Bethlehem Company, and at the conclusion of the campaign millions of American citizens will have an accurate knowledge of the arguments upon which this concern bases its conclusion that the Government ought not to become its competitor in the manufacture of armor plate.

What People Are Thinking—Editorial Comment

South Dakota

Sioux Falls Argus-Leader, March 23, 1916

OFFER BETTER THAN THREAT

An offer by the Bethlehem Steel Company to cut the price of armor plate \$30 a ton has been made to the Government while the Tillman bill is pending to establish a Government armor-plate factory. This is much better than the threat to advance the price on Government requirements pending the time required to put the Government mill in commission.

* * *

[We have made no threat to advance the price of armor pending the time required to put a Government plant in commission. (See Series 1, Bulletin 7.)

Bethlehem Steel Company.]

Sioux Falls Argus-Leader, June 2, 1916

TAKING THE PUBLIC INTO ITS CONFIDENCE

The Bethlehem Steel Company has at last realized the importance of taking the public into its confidence and by the use of newspaper publicity, it is explaining to the people the exact situation in the armor plate field.

The company points out that the Government is its only customer for armor plate, and that it is willing to supply the Government with armor plate at its own price.

The company asks that it be regulated by a Government commission and its directors say the company is willing to supply armor plate to the Government at any price the Government may fix.

The movement for a Government armor plate factory may have gone too far to stop.

If not, it would seem to this newspaper good business to accept the Bethlehem proposition, keeping the Government factory in reserve until such time as its construction may be more needed than now.

It would seem to this newspaper good business to accept the Bethlehem proposition, keeping the Government factory in reserve until such time as its construction may be more needed than now.

—Sioux Falls Argus-Leader, June 2, 1916

What People Are Thinking—Editorial Comment

Tennessee

Nashville Banner, April 27, 1916

THE ARMOR PLATE BILL

. . . As a rule, the Government can be better served by private enterprise than by a Government-owned plant. Experience has given ample proof that politics go so inevitably into any public undertaking as to impair its efficiency and increase expenses.

It would be practically impossible to put into a plant managed by Government employes and filled in all departments by men receiving appointment through political influence, that same compact organization, competency and operative efficiency shown in the plants of the great corporations.

. . . There is no sympathy wasted by the American public on "big business," but that feeling should not lead the Government to do anything to its own detriment, and there are grave reasons to doubt that the Senate bill providing for a Government armor plant is a wise one.

Jackson Sun, April 26, 1916

A CHANGE OF ATTITUDE

The Bethlehem Steel Company, the biggest manufacturer of armor plate in the United States, is sending out some pretty sound arguments against the establishment of a Government armor plant and seeking by the legitimate use of publicity to create friendly public sentiment in opposition to the establishment of the Government plant.

But it is a significant fact that the Bethlehem Company did not begin this appeal to public sentiment or make any effort to prove the soundness of its position until after the Senate passed a bill to construct an armor plant at a cost of \$11,000,000. Before that time the Bethlehem Company was stiff necked and haughty. It threatened to raise the price of armor plate if such a bill was even introduced in Congress. It bluffed until it had but one card left. It threatened until the Senate took the dare and passed the bill.

Then there was a change in the attitude of the armor plate monopolists. The price of armor plate

was reduced and further reductions were promised. The best lawyers and publicity men in the country were mobilized to make a fight against the passage of the bill in the House and to convince the people that the construction of a Government plant is unnecessary.

Most of the arguments made in the Bethlehem's propaganda are plausible. All of it may be absolutely true.

But Congress should proceed with the passage of the Government armor plate bill unless the steel trust will agree to a contract that carries a reasonable price for many years to come.

* * *

[Our offer is to make armor at a price to be fixed by the Federal Trade Commission, and for any period which the Government itself may name.]

Bethlehem Steel Company.]

Memphis News-Scimitar, April 28, 1916

FAVORS PUBLICITY

The action of the Bethlehem Steel Company is certainly to be commended, because publicity and a placing of the facts before the people will permit of a fair and reasonable and a just solution of all controversies.

The great steel company admits its error, and it is to be commended for its prudence in changing its methods.

What People Are Thinking—Editorial Comment

Texas

Galveston News, June 2, 1916

A SPIRIT OF RESENTMENT

. . . Now the likelihood of the erection of a Government plant looms large.

The Tillman bill appropriating \$11,000,000 for this purpose has been attached to the naval appropriation bill as an amendment. It must be admitted that the Government has had ample provocation for adopting this policy.

The plea of the armor plate manufacturers that this action will destroy the value of their investment would be more persuasive if one could be free of the suspicion that they long ago recovered their investment in the excessive prices charged the Government. But although the Government has ample provocation, it is not so clear that it has equal reason for engaging in the manufacture of armor plate.

The legislation is prompted by a spirit of resentment, and while the resentment is abundantly justified, **resentment is oftener a foolish than a wise counselor.**

The legislation is prompted by a spirit of resentment, and while the resentment is abundantly justified, **resentment is oftener a foolish than a wise counselor.**

Galveston News, June 2, 1916

What People Are Thinking—Editorial Comment

Vermont

Rutland Herald, April 4, 1916

GOVERNMENT ARMOR PLANT

. . . To a business man, nothing could be fairer than these proposals, and any business man knows that no Government-owned and politically operated Government armor plant can produce plate so cheaply as a private concern.

They may do so in Japan, where a thief would be simply tortured or beheaded offhand, but certainly not in the U. S. A.

What People Are Thinking—Editorial Comment

Virginia

Richmond Times-Dispatch, March 21, 1916

SAVING MONEY ON ARMOR

... There is much force in the contention that the Government should not go into the business of armor making unless forced to do so. A steel company has many irons, literally, in the fire, and when it is not making armor can use its plant and force for other purposes.

A factory conducted by the nation, for a restricted purpose, enjoys no such freedom of action.

It must make armor or permit the invested capital to become idle and unproductive, while its employes are thrown out of work.

If arrangements, along the general lines of the Bethlehem Company's proposition, can be made with all the steel companies and the interests of the Government amply and fully protected, it might be wise to abandon the plan to construct a Government plant.

Clifton Forge Review, June 16, 1910

GOVERNMENT ARMOR PLANT

The Staunton Daily Leader is right for once in opposing the expenditure of several million dollars for the erection and maintenance of an armor manufacturing plant.

Frequently here of late The Review has taken the position that it is a mistake for the Government to go into competition with private interests, but at no time have we been as emphatic as our Staunton contemporary.

In a late edition the Leader had this to say regarding the recent action of Congress with reference to an armor plate plant.

"Congress seems determined to build an armor plate plant, in spite of the fact that the Bethlehem Steel Company offers to make plate for the Government, and let the Government fix the price. . . .

Newport News-Press, April 11, 1916

FEDERAL ARMOR PLANT

If it be true, as charged by the Bethlehem Steel Company, that its large plant was erected at the

request of the Federal Government, it would not be altogether honest for the Government to establish an armor manufacturing plant in competition to private interests. . . .

... The Bethlehem Steel Company says that it has manufactured armor plate for the Government for more than a quarter of a century, and in a spirit of fairness the Company has issued the following statement and proposition that seems to us is all that could be asked. . . .

"If the Government utilizes private plants to make its armor, it can exact conditions as to quality and obtain the benefit of economies, difficult if not impossible to realize in Government manufacture itself."

The above strikes us as being reasonably fair.

We hardly see how this corporation could do more than is pledged in its own words quoted above.

Congress will do well to consider all the facts and not act hastily in this matter.—Clifton Forge Review.

Norfolk Ledger-Despatch, April 14, 1916

ARMOR PLATE PLANT

The \$11,000,000 can well be expended in a beneficial manner to the people, and it is not assured that the Government-owned plant could turn out better material, or to be operated so as to lessen the prices guaranteed by the Bethlehem Company. It might be well to accept the offer of the company for a period at least, and hold the Government plant for future consideration.

Roanoke World-News, April 11, 1916

ARMOR MAKING

In connection with the proposition to have the American Government manufacture armor plate for its warships, it is extremely interesting to note how aggressively some people want to push America into Socialism in actual practice, but proclaim in virid language utter opposition to Socialism as a theory or doctrine.

The list of enterprises which naturally belong to

What People Are Thinking—Editorial Comment

Virginia—Continued

citizens and should originate and be conducted by citizens, but which have been and are being confiscated by Government, is growing larger every year. . .

We do not propose to defend armor plate manufacturers.

We know practically nothing of their methods or of the expense and profit accounts of their book-keeping; but we do know that they have many millions invested in their plants and that these millions will be a total loss should Government decide to make armor plate for itself. . .

Staunton Leader, June 10, 1916

GOVERNMENT ARMOR PLATE PLANT

Congress seems determined to build an armor plate plant, in spite of the fact that the Bethlehem Steel Company offers to make plate for the Government, and let the Government fix the price. . .

. . . If these statements are not true, Congress ought to be able to show that they are not true.

If they are true, and we believe they are true, then it would seem like a reckless expenditure of the people's money to build a Government plant.

We venture the prediction the Government never will turn out a ton of first class armor plate at as low a cost as the price at which the three big companies are now selling this plate to the Government, for the reason that the public conduct of business in this country has always proved very costly.

Experience has shown that it is better to buy from private concerns than for the Government to do this own manufacturing.

What People Are Thinking—Editorial Comment

Washington

Seattle Post-Intelligencer, April 11, 1916

BETHLEHEM'S OFFER

In view of the very frank and patriotic offers of the Bethlehem Steel Company to the Government of the United States, the adoption of the bill to appropriate \$11,000,000 for a Government armor plate plant would appear to propose an unnecessary extravagance. . .

. . . The Bethlehem Steel Company is a responsible corporation, one of the strongest financially in this country, and the Government may safely make formal acceptance of its offer and devote the proposed \$11,000,000 appropriation to some purpose more urgently necessary.

It is a business offer in concrete language.

Either the Government needs an armor plant or it does not, and the logic of existing circumstances indicates that it does not.

Seattle Post-Intelligencer, July 5, 1916

ANOTHER PRECEDENT

There is little doubt that Congress will stick to its determination to spend \$11,000,000 in building an armor plate plant, for the express purpose of rendering valueless the existing plants, which were created for the sole purpose of furnishing the Government needed armor plate and rendering the United States independent of foreign countries. However, if the Democratic Congress does this it will follow one precedent which it set as soon as it came into power after the civil war.

When the country awakened to the fact that its navy had disappeared and that there was not a ship afloat of a modern type, it was faced with the difficulty that there was a plant in the United States equipped at the time to construct a modern warship of any description. Before a start could be made upon building a navy it was necessary to have plants capable of building warships.

John Roach, whose plant was the only one in the country capable of being equipped for the purpose, was invited to make tenders for the con-

struction of a dispatch boat and three cruisers, the Atlanta, Boston and Chicago, the famous "white squadron." He built a plant for this purpose and constructed these vessels. One, the dispatch boat Dolphin, was completed and had a satisfactory trial trip. But the administration changed hands and Cleveland took office. His Secretary of the Navy, William C. Whitney, refused to accept the Dolphin and withheld payment for her. He decided that the contracts under which the other vessels were building would not hold and sought to cancel them, in the meantime withholding payments for the work already done.

Roach was compelled to make an assignment, and the great business which he had previously built up, before risking his fortune on the good faith of the United States, was nearly ruined. Within two years thereafter he died, never having recovered the shock of the broken contracts, which brought him to the verge of ruin and swept away most of the fortune which he had previously built up.

. . . The Bethlehem Steel Company is a responsible corporation, one of the strongest financially in this country, and the Government may safely make formal acceptance of its offer and devote the proposed \$11,000,000 appropriation to some purpose more urgently necessary.

—Seattle Intelligencer
April 11, 1916

What People Are Thinking—Editorial Comment

West Virginia

Wheeling News, April 5, 1916

A BUSINESS PROPOSITION

... There is no sentiment whatever involved in the armor plate question.

It is simply a business proposition.

Japan has a Government plant and her armor plate is costing her \$490 a ton. It seems reasonable to assume that it would be impossible for the United States to produce armor plate in a Government plant at \$395 a ton.

This could be determined by the investigation which the Bethlehem company has invited.

Then, if a Government plant would lose millions instead of effecting a saving, why build it?

Wheeling News, April 13, 1916

WHY NOT TAKE IT?

... It is claimed in some quarters that it is a "deathbed repentance."

Even if so, why should the Government not take advantage of the splendid opportunity and avoid the huge expense of an armor factory just at a time when every dollar of the nation's revenue is very badly needed for other purposes?

Wheeling News, April 18, 1916

THE ARMOR PLATE BILL

... Whether or not the Tillman bill was formulated as a "pork" measure it would certainly be an admirable instrument for "pork" purposes.

The big point is that the offer of the armor plate men to furnish plate for five years at a low price has removed the excuse for a Government plant.

WHY NOT TAKE IT?

... It is claimed in some quarters that it is a "deathbed repentance."

Even if so, why should the Government not take advantage of the splendid opportunity and avoid the huge expense of an armor factory just at a time when every dollar of the nation's revenue is very badly needed for other purposes?

—Wheeling News
April 13, 1916

What People Are Thinking—Editorial Comment

Wisconsin

Milwaukee Wisconsin, March 31, 1916

A COSTLY EXPERIMENT

The Bethlehem Steel Company has presented an offer to make armor for the United States at a price the Government itself shall name as fair.

The investment of eleven million dollars in the construction of a Government plant to manufacture armor would involve the objections that attach to all schemes of Government ownership.

Broaching that plan has had the effect of bringing down the prices at which private concerns offer to make the armor, and

Undoubtedly it would be good business policy for Congress to avoid costly experiment of establishing a Government plant.

Madison Democrat, June 9, 1916

"THE DANGER OF SILENCE"

The Bethlehem Steel Company has entered upon a campaign of newspaper advertising which is epoch-making.

Display advertising space is being utilized in a list of 3,500 newspapers.

The purpose is to present to the whole American people the case of the Bethlehem Company in regard to the proposed establishment of a Government armor plant. . . .

. . . Having what appears to be an unanswerable case, the Bethlehem Steel Company is taking that case direct to the people of the country.

It is "laying its cards on the table," submitting the facts without evasion or indirection; and unless it should prove that this action has been taken too late, it should win. . . .

Milwaukee Leader, May 25, 1916

SCHWAB'S CONFESSION

The Bethlehem Steel Company has suffered in silence.

It has been accused of gouging the Government.

It has had to bear the odium of Carnegie's blow holes.

It has been condemned for its lack of patriotism in selling armor plate cheaper to Russia than it has sold it to the U. S. A.

Congress, moved by the growing clamor, has voted for a Government armor-plate factory. It is the straw that has broken the back of Bethlehem's patience. It has spoken out. From now on it is going to be heard. It will advertise.

It is going to show the press and the public that it is a good corporation. It has already shown the pulpit. There is no finer church in the country than the church that Schwab built at Bethlehem in pious recognition of the Prince of Peace.

Mr. Schwab is engaged in the munitions industry. It is not his purpose to decry or depreciate his own business. But he is not insensible to the power of the press. The pen is mightier than the sword. A well timed advertisement speaks louder than a 42-centimeter gun.

We have an idea that the Bethlehem Steel Company will find that advertising pays. There has been a lot of thoughtless, Socialistic agitation in the press in favor of Government munitions plants.

Many citizens have been led to believe that if the profit could be taken out of munitions, the incentive to large armaments and even to war would be appreciably diminished.

It is an error which the conservative and respectable newspapers, which are essentially patriotic, should be able to dispel.

What People Are Thinking—Editorial Comment

National

The Outlook, June 14, 1916

A GOVERNMENT ARMOR PLANT

The great blot upon the Naval Bill is the provision for the construction of a Government armor plate plant to cost \$11,000,000.

The armor plant question ought not to be confused with the question of the increase of our naval strength.

If the Senate and House are in favor of a Government armor plant, let them say so in a separate bill so that the President can veto it.

. . . We may also remember that all the great naval powers (with the exception of Japan, where there was never a private armor industry) have utilized private rather than Government industries for this product. The reasons for this are plain.

If the Government utilizes private plants to make its armor, it can exact conditions as to quality and obtain the benefit of certain economies difficult to realize in Government manufacture itself.

More particularly, Government manufacture means one sub-department of the Government contracting with another, with no efficient means to enforce contracts as regards time of delivery.

It is also more economical to operate an armor plant in connection with a commercial steel plant.

Finally, the army of experts now at work in our private plants should not be discriminated against.

The remedy for the evils of armor plate-making lies, as in the case of railway administration, not in Government ownership but in efficient Government regulation.

Printers Ink, New York, April 6, 1916

BETHLEHEM STEEL'S "STATEMENTS TO CONGRESS"

. . . Thus another representative of "big business" signifies its belief that it is better to thrash out public questions in the open than to rely wholly upon the subtleties of the professional lobbyist.

We do not doubt that the statements of the Bethlehem Steel Company will be characterized as an "insidious attempt to undermine public opinion" but public opinion can pretty safely be trusted to judge in the long run whether it is being exploited or not.

One thing is absolutely certain: the public is more inclined to trust the concern which makes its claims public than the one which appears mainly desirous to keep them under cover. . .

There will be no cost-keeping
in the new plant, by order of
Congress.

—Mining Journal, El Paso, Texas, April 11, 1916

What People Are Thinking—Editorial Comment

National—Continued

Advertising Age, Chicago, June, 1916

TRUST THE PEOPLE

One by one the big corporations are taking the public into their confidence by placing their troubles, aims and policies before them by advertising.

They have found that secrecy breeds distrust and publicity confidence.

To take the wind out of the sails of demagogues and office hunters, publicity has worked wonders.

Since it has started, public antagonism against corporations has ceased and the public, always inclined to be fair, has become interested in the efficiency methods practiced by corporations.

The latest convert to the beneficial aspects of publicity is the Bethlehem Steel Company. It has a plant for manufacturing armor plate in which it has invested \$7,000,000.

If the plan of Congress to build a Government plant for making armor plate materializes, the plant of the Bethlehem Steel Company would become worthless.

To combat this plan, the company, in a series of ads now running in a number of big newspapers, proves that it is selling to the Government armor plate at lower prices than paid by any one of the great powers of the Old World, and there is no reason for our Government to build its own plant at a cost of \$11,000,000.

To head off those who may claim that the company would at once raise the price and skin the Government as soon as the plan to erect a Government armor plant should be dropped, the company offers to have for any length of time, the prices fixed by the Federal Trade Commission, a Government institution.

What fairer offer can a business concern make? The talk of the Company is plain and convincing. It does not try to play the role of a public benefactor.

It states that it is trying to save and preserve its investment in the \$7,000,000 armor plate plant it now owns and is willing to make sacrifices in this regard.

About twenty-five years ago President Grover Cleveland uttered the advice—"Trust the people." It took our big corporations quite a long time to appreciate and practice this advice of a plain, honest and far-seeing president.

Editor and Publisher, New York, May 27, 1916

"THE DANGER OF SILENCE"

. . . Having what appears to be an unanswerable case, the Bethlehem Steel Company is taking that case direct to the people of the country.

It is "laying its cards on the table," submitting the facts without evasion or indirection; and unless it should prove that this action has been taken too late, it should win.

The most important phase of this matter is in the belated decision by a great corporation that a policy of secrecy is disastrous.

Silence on the part of a corporation, when its interests are at stake, and when a business principle of fundamental importance is at stake, denotes a fear to meet the issue in the open.

Corporations generally will recognize, in this sensational action of the Bethlehem Company, the opportunity open to them for trying their cases before a jury of the whole people—and as this method gains adherents the necessity for

The remedy for the evils of armor plate-making lies, as in the case of railway administration, not in Government ownership but in efficient Government regulation.

—The Outlook, June 14, 1916

What People Are Thinking—Editorial Comment

National—Continued

lobbyists at Washington and at State capitals, of corruption funds and of intrigue, will vanish.

Thus the policy of publicity now adopted by Mr. Schwab will have a revolutionary effect. Win or lose, so far as this present issue is concerned, he will have established a precedent which must rule with "big business" in the future—that of working with, not against, public opinion.

"The day of the clear light" seems less of a vision because of this significant event.

Editor and Publisher, New York, July 8, 1916

The Bethlehem Steel Company keeps at it. Their advertisements, setting forth the facts of the armor-plate situation, are logical, hard-hitting and winning. If the campaign had been started a few months earlier there would be no doubt whatever of the result upon Congress.

Electric Railway Journal, April 8, 1916

ANOTHER CONVERT TO PUBLICITY

With the beginning of hearings in Congress on the bill passed by the Senate to provide for a Government armor plate plant comes the announcement that the Bethlehem Steel Company will conduct a publicity campaign for the purpose of laying the merits, or demerits, of this proposition before the country.

The formal announcement to this effect says that "In order that all concerned may have the clearest, most concrete and definite information this company can give on this question, so important both to the nation and to itself, the Bethlehem Steel Company will issue a series of statements to Congress.

Copies will be supplied to the press, to public officials and to anyone interested."

The first of these statements is headed "Why Should Government Money be Spent for an Armor Factory?" and deals with two possible reasons for such an expenditure; namely, the insufficiency of existing plants and the possibility that the Govern-

ment could produce armor at a lower price than must be paid to private corporations.

Other bulletins show that even if the Government should immediately begin an armor plant it would not be turning out armor for three or four years, and when the campaign is completed the public will have before it, plainly and tersely stated, all the information and arguments that an intelligent man should have to enable him to make up his mind whether or not he would vote for a Government armor plant.

It is evident from these bulletins that the company is following a carefully thought-out policy, the execution of which is in expert hands.

This was also evident from the distribution of and press comment on the remarks regarding armor plate in the company's recently issued annual report, and the statements of the company's officials.

Iron Age, New York, April 6, 1916

LOW-PRICED OR DEAR ARMOR PLATE?

... The only answer the Secretary of the Navy has made to the proposal that the manufacturers will supply armor plate at whatever price the Government itself shall name as fair is that he is "afraid of the 'Greeks bearing gifts.'"

In other words, he would have the Government enter upon armor plate manufacture, no matter what the cost, and in so doing destroy the values represented in plants whose estimated cost is \$20,000,000.

Government-built battleships cost more than those built in private yards.

Government-made armor plate may cost \$600, \$800, \$1,000 a ton—all depending upon the political necessities the Government plant is called on to satisfy and the rapidity with which it is turned into a labor union paradise.

As the issue is not drawn, Congress has to choose between paying a low price or a high price for the Government's armor plate. Signs are not wanting that members of the House Naval Committee see the question thus clear cut, in spite of some very strenuous efforts to befog it.

What People Are Thinking—Editorial Comment

National—Continued

Iron Trade and Metal Market Review
Cleveland, Ohio, June 7, 1916

PUBLICITY AND THE LACK OF IT

Paradoxical as it may seem, publicity and the lack of it explains why Congress has passed legislation providing for a Government-owned armor plant.

By their constant muck raking and their mischievous misrepresentations, spread wide and far over a long period, ignorant and designing men combined their efforts and convinced many honest people that armor plate makers were charging the Government too much money for their product.

The people were led to believe that the only solution was through the building of a Government-owned armor plant.

That, in brief, is one angle to the part publicity has played in the Government-owned armor plate plant legislation—the part of vicious spreading of cleverly concocted falsehoods.

During all of the long years of attack made upon them, armor plate makers remained silent, except within the past few months, when the Bethlehem Steel Company raised its voice and began a publicity campaign, defending the manufacturer ably, and in a dignified manner.

But the defense came too late to prevent enactment of legislation favoring a Government-owned armor plate plant.

The people into whose ears had been dinned the campaign of muck raking had become thoroughly inoculated with the misinformation constantly spread before them.

Many representatives and senators in Congress, some of whom knew the attacks made upon the armor manufacturers were based upon falsehoods, voted for the erection of a Government plant simply because they thought it good politics to do so.

They realize it is a foolish project, and a dangerous one. Perhaps they share the belief and hope that Secretary Daniels will never authorize the construction of a Government armor plant. . .

Mining Journal, El Paso, Texas, April 22, 1916

THE ARMOR-PLATE NONSENSE

Apparently the bill for the creation of a Government armor-plate plant is going to be passed by Congress.

It will then become a law, for it is an administration measure.

There will be no cost-keeping in the new plant, by order of Congress.

It would not do to let the taxpayers know that armor plate made by the Government may cost more than for what private concerns offered to supply it.

The upshot of the matter will be therefore that the Government will spend \$11,000,000 for a duplication of existing plant.

This is simply throwing away money. On the other hand, the plan for a Government nitrogen plant, which would not duplicate anything, does not seem to be meeting with favor.

When Congress undertakes to do its own engineering, it usually makes a mess of things.

In the present case it is making a mess of things in a scandalous way.

Financial World, New York, April 29, 1916

BETHLEHEM STEEL'S PUBLICITY CAMPAIGN

If the power of the printed word is able to show up the alleged error in the Senate's bill to build a Government plant for the production of armor plate, the president and the chairman of the Bethlehem Steel Company will feel they have made a good investment with the money they are spending in the Washington newspapers on publicity and which is meant to influence the members of Congress.

These announcements do not conceal their anxiety, but are frankly outspoken.

They assert their purpose is to save an investment of over \$7,000,000 their company has put into armor plants.

They contend this sum was invested in the firm belief that the business would remain free from any Government competition.

What People Are Thinking—Editorial Comment

National—Continued

... The strongest argument in the company's publicity campaign is its willingness to have a Congressional Committee investigate the cost of making plate and then fix a fair margin for profit which the company would promptly accept.

This last proffer is deserving of serious consideration by Congress before binding the nation to an expenditure of \$11,000,000 for the erection of a plant whose success would be dependent upon what now appears would be a mere experiment.

Railway Age Gazette, New York, May 12, 1916

GOVERNMENT OWNERSHIP OF EVERYTHING

The socialists and near-socialists count that day lost whose low descending sun views no new proposal for Government ownership of something. They are now advocating Government construction and operation of a plant to make armor plate for war vessels.

The argument is that this is necessary to prevent private manufacturers, such as the Bethlehem Steel Company, from overcharging the Government.

Does anybody contend that a Government plant would make armor plate cheaper than plants owned by corporations? Nobody who is in his right senses.

The proposition is, in effect, that the Government shall deliberately lose money in running a factory of its own, in order to prevent private capitalists from making too much money.

Government ownership of railroads; of telegraphs and telephones; of steamships; of munitions factories; of coal mines—these are a few of the projects which recently have been seriously broached in Congress. Recently a Kansas educator, who is fully imbued with the spirit of the age, advocated Government ownership and management of the moving picture industry.

And, meantime everybody is unanimously denouncing the Government for the "pork barrel," for not adopting and carrying out a satisfactory program of preparedness, and for general all-around incompetency and cussedness.

How logical we are! The worse the politicians do the jobs we have given them the more we want to intrust them to do! They mismanage the post-

office department; therefore, we should turn the railroads over to them. They waste millions on waterways; therefore we should give them a chance to waste our money on Government owned ships.

They mismanage the navy yards; therefore, we should give them armor plate factories to add to the "pork" barrel.

Ohio Valley Trades Review, June, 1916

AGAINST GOVERNMENT PLANTS

The Bethlehem Steel Company has inaugurated a publicity campaign, the object of which is to correct the evident misapprehension of fact which is being spread throughout the country by the advocates of a Government-owned armor plant.

The Trades Review is firmly of the opinion that this country, with its vast undeveloped natural resources, is not ready for Government ownership on anything like a pretentious scale.

The system probably may be said to work well enough, insofar as it relates to municipal ownership of certain plants whose service is wholly local, but the Government never has shown, to any considerably convincing degree, that it is able to accomplish the same end more cheaply than the private corporation can do it.

UNIVERSITY OF CALIFORNIA LIBRARY
BERKELEY

Return to desk from which borrowed.
This book is DUE on the last date stamped below.

FEB 6 1948

LOCKWOOD

Lockwood

DaR

NOV 23 1948

NOV 14 1967

REC. CLK. MAY 26 1981

LD 21-100m-9,'47 (A5702s16)476

YE 09433

347183

V923
B3

